

CONCH

Anhui Conch Cement Company Limited

(H Share: 00914, A Share: 600585)



2022

ANNUAL REPORT



Important

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the fourth meeting of the ninth session of the Board.
3. KPMG and KPMG Huazhen LLP (Special General Partnership) issued a standard unqualified audit report for the Company.
4. Mr. Yang Jun, the officer-in-charge of the Company, Mr. Li Qunfeng, the officer-in-charge of the accounting function and Mr. Wang Jingqian, the officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. The annual profit distribution proposal for 2022 as considered by the fourth meeting of the ninth session of the Board of the Company is: a cash dividend of RMB1.48 per share (tax inclusive). No capitalization of common reserve fund was made.
6. Declaration of risks with respect to the forward-looking statements: the Company's plans for 2023 concerning its capital expenditure, new production capacity and net sales targets as disclosed herein do not constitute any substantive commitment to investors. Investors and the public are advised to be cautious of the investment risks.
7. There was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
8. No external guarantee was provided in violation of the established decision-making procedures.
9. There does not exist the situation that more than half of the Directors of the Company being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
10. Material risk alert: The Company has disclosed the policy risk, environmental regulation risk and energy price fluctuation risk that the Company may face in 2023 in Chapter 3 of this report. Investors are reminded to read it carefully.

Contents

1. Definitions	3
2. Corporate Profile and Major Financial Indicators	10
3. Management Discussion and Analysis	22
4. Report of the Directors	46
5. Corporate Governance and Corporate Governance Report	70
6. Environment and Social Responsibility	111
7. Significant Events	134
8. Changes in Shareholdings and Shareholders	157
9. Information on Bonds	165
10. Independent Auditor's Report	169
11. Financial Statements Prepared in Accordance with International Financial Reporting Standards	175
12. Written Confirmation of the Directors, Supervisors and Senior Management on the 2022 Annual Report	400

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



1. Definitions

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

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the board of directors of the Company
Director(s)	:	the director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Remuneration and Nomination Committee	:	the remuneration and nomination committee of the Board
Audit Committee	:	the audit committee of the Board
ESG Management Committee	:	the Environmental, Social and Governance Management Committee of the Board
Conch Holdings	:	Anhui Conch Holdings Company Limited
Conch New Material	:	Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd. (formerly known as Wuhu Conch Profiles and Science Co., Ltd.), a company listed on the SZSE (stock code: 000619)



1. Definitions

Conch Environment Protection	:	China Conch Environment Protection Holdings Limited, a company listed on the Stock Exchange (stock code: 0587)
Conch Investment Company	:	Anhui Conch Investment Company Limited
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.
Conch IT Engineering	:	Anhui Conch Information Technology Engineering Co., Ltd.
Conch Technology	:	Anhui Conch Material Technology Company Limited (formerly known as Anhui Conch New Materials Technology Company Limited)
Conch Accelerants Manufacturing Company	:	Anhui Conch Accelerants Manufacturing Engineering Technology Company Limited
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch HK	:	Conch International Holdings (HK) Limited
Conch New Energy	:	Anhui Conch New Energy Co., Ltd.
Haihui Company	:	Anhui Haihui Supply Chain Technology Co., Ltd.
Bengbu Conch	:	Bengbu Conch Cement Co., Ltd.
Baoshan Conch	:	Baoshan Conch Cement Co., Ltd.



1. Definitions

Beigu Conch	:	Zhenjiang Beigu Conch Cement Co., Ltd.
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Company Limited
Changfeng Conch	:	Anhui Changfeng Conch Cement Co., Ltd.
Changsha Yongyun Building Materials	:	Changsha Yongyun Building Materials Co., Ltd.
Chizhou Conch	:	Anhui Chizhou Conch Cement Co., Ltd.
Chongqing Duoji	:	Chongqing Duoji Renewable Resources Co., Ltd.
Changde Dingxing	:	Changde Dingxing Concrete Products Co., Ltd.
Chifeng Conch	:	Chifeng Conch Cement Co., Ltd.
Dazhou Conch	:	Dazhou Conch Cement Co., Ltd.
Digang Conch	:	Anhui Digang Conch Cement Co., Ltd.
Guangying Cement	:	Guangdong Qingyuan Guangying Cement Co., Ltd.
Guixi Yinggui	:	Guixi Yinggui Ready-mixed Mortar Co., Ltd.
Huaining Conch	:	Anhui Huaining Conch Cement Co., Ltd.
Huainan Conch	:	Huainan Conch Cement Co., Ltd.
Hongji Cement	:	Naimanqi Hongji Cement Co., Ltd.



1. Definitions

Hahe Cement	:	Chifeng Hahe Cement Co., Ltd.
Jiande Conch	:	Jiande Conch Cement Co., Ltd.
Jinggong Testing	:	Anhui Jinggong Testing and Inspection Center Co., Ltd.
Jining Conch	:	Jining Conch Cement Co., Ltd.
Linxia Conch	:	Linxia Conch Cement Co., Ltd.
Linxia Tianxiang	:	Linxia Tianxiang Commercial Concrete Co., Ltd.
Ma'anshan Conch	:	Ma'anshan Conch Cement Co., Ltd.
Ningguo Cement Plant	:	Ningguo Cement Plant of Anhui Conch Cement Company Limited
South Kalimantan Conch	:	PT Conch South Kalimantan Cement
Quanjiao Conch	:	Quanjiao Conch Cement Co., Ltd.
Shanghai Zhizhi	:	Shanghai Zhizhi Technology Co., Ltd.
Shimen Conch	:	Shimen Conch Cement Co., Ltd.
Shuicheng Conch	:	Shuicheng Conch Panjiang Cement Co., Ltd.
Tongling Conch	:	Anhui Tongling Conch Cement Co., Ltd.
Wuhu Conch	:	Wuhu Conch Cement Co., Ltd.
Prosperity Conch	:	Prosperity Conch Cement Co., Ltd.



1. Definitions

Yiyang Conch	:	Yiyang Conch Cement Co., Ltd.
Papua Cement	:	PT SDIC Papua Cement Indonesia
Zongyang Conch	:	Anhui Zongyang Conch Cement Co., Ltd.
China Cement Plant	:	China Cement Plant Co., Ltd.
Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Yatai Group	:	Jilin Yatai (Group) Co., Ltd., a company listed on the SSE (stock code: 600881)
Huaxin Cement	:	Huaxin Cement Co., Ltd., a company listed on both the SSE (stock code: 600801) and the Stock Exchange (stock code: 6655)
Shangfeng Cement	:	Gansu Shangfeng Cement Co., Ltd., a company listed on the SZSE (stock code: 000672)
Tianshan Cement	:	Xinjiang Tianshan Cement Co., Ltd., a company listed on the SZSE (stock code: 000877)
West Construction	:	China West Construction Group Co., Ltd., a company listed on the SZSE (stock code: 002302)
Regional Committee(s)	:	management unit(s) specially established by organizing certain subsidiaries located in a particular province or neighboring areas into a regional management unit for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency



1. Definitions

Reporting Period	:	the period from 1 January 2022 to 31 December 2022
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	:	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the HKSE Listing Rules
SSE	:	Shanghai Stock Exchange
SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
SZSE	:	Shenzhen Stock Exchange
A Shares	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Shares	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
clinker	:	semi-finished products made in the manufacturing process of cement



1. Definitions

Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission
Articles	:	Articles of Association of the Company





2. Corporate Profile and Major Financial Indicators

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



2. Corporate Profile and Major Financial Indicators

- (6) Exchanges on which the Company's shares are listed :
- | | | |
|------------------|---|----------------|
| H Shares | : | Stock Exchange |
| Stock code | : | 00914 |
| A Shares | : | SSE |
| Stock code | : | 600585 |
| Stock short name | : | Conch Cement |
- (7) Legal adviser as to PRC law :
- Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing, the PRC
- Legal adviser as to Hong Kong law :
- Chiu & Partners
40/F Jardine House, 1 Connaught Place, Central, Hong Kong
- (8) International auditors :
- KPMG, Registered Public Interest Entity Auditor in accordance with the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
- Authorised signatory of the Accountant :
- Au Yat Fo
- PRC auditors :
- KPMG Huazhen LLP (Special General Partnership)
8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing, the PRC
- Authorised signatory of the Accountant :
- Zhou Xuchun, Jin Yang
- (9) H Shares share registrar and transfer office :
- Hong Kong Registrars Limited
17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

Items	2022	2021 (Restated)	2020 (Restated)	2019 (Restated)	2018
Net 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 Reporting Period, the Company was required to restate financial statements for previous years in accordance with the relevant requirements under the PRC Accounting Standards and IFRSs respectively since the acquisition of Jinggong Testing and Shanghai Zhizhi was mergers which are business combinations under common control (the same as below).

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

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

Table 1:

(Unit: RMB'000)

Items	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

2. Corporate Profile and Major Financial Indicators

(Unit: RMB'000)

Items	2022	2021		Change in the current year over the previous year (%)	2020	
		After adjustment	Before adjustment		After adjustment	Before adjustment
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

2. Corporate Profile and Major Financial Indicators

Table 2:

(Unit: RMB'000)

Items	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



2. Corporate Profile and Major Financial Indicators

2. Major financial data for 2022 by quarter

(Unit: RMB'000)

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	25,461,775	30,813,974	29,052,349	46,693,456
Net profit attributable to equity shareholders of the Company	4,925,206	4,914,566	2,578,889	3,242,089
Net profit after extraordinary items attributable to equity shareholders of the Company	4,572,987	4,725,533	2,691,747	3,045,479
Net cash flow generated from operating activities	2,873,652	1,594,696	5,124,364	56,556



2. Corporate Profile and Major Financial Indicators

3. Extraordinary gains and losses items and amount for the Reporting Period

(Unit: RMB'000)

Extraordinary gains and losses items	2022	2021	2020
(1) Gain/(loss) from disposal of non-current assets	-19,286	57,738	856,281
(2) Government subsidy (excluding continuing government subsidy closely associated with the enterprise's normal business, granted in fixed amount or quantity in accordance with the State's policy and based on certain standards) included in the current income statement	693,176	900,815	844,144
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gain from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment excluding effective hedging business associated with the Company's normal business	-268,751	665,124	99,977



2. Corporate Profile and Major Financial Indicators

Extraordinary gains and losses items	2022	2021	2020
(4) Entrusted fee income obtained from entrusted operation	20,557	31,684	47,635
(5) Charges on share of funds received from non-financial enterprises included in the current income statement	-	-	-
(6) Gains or losses from external entrusted loans	13,007	26,682	1,540
(7) Gains arising from the excess of the Group's share of the fair values of the investees' identifiable net assets over the investment costs for acquisition of the subsidiaries, associates and joint ventures	12,102	90,981	1,416
(8) Gains or losses on entrusted investment or asset management	404,865	669,916	700,242
(9) Other non-operating income and expenses other than the above items	-45,603	61,849	69,345

2. Corporate Profile and Major Financial Indicators

Extraordinary gains and losses items	2022	2021	2020
(10) Net gain or loss of subsidiaries formed through business combination under common control from the beginning of the period to the date of merger attributable to the current period	-3,499	39,539	30,143
(11) Effect of extraordinary items on income tax	-169,261	-614,111	-629,587
(12) Effect of extraordinary items on minority interests (after tax)	-12,303	-37,994	-33,358
Total	625,004	1,892,223	1,987,778

4. Items measured at fair value

(Unit: RMB'000)

Items	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Changes during the Reporting Period	Impact on the profit for the current period
Financial assets at fair value through profit or loss	27,251,220	11,756,221	-15,494,999	-457,722
Other investments in equity instruments	869,903	2,325,186	1,455,283	-
Financing of receivables	4,227,831	2,762,318	-1,465,513	-
Financial liabilities at fair value through profit or loss	-	-	-	-

2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

	Net profit attributable to parent company		Equity attributable to equity shareholders of parent company	
	1 January to 31 December 2022 (Audited)	1 January to 31 December 2021 (Audited)	31 December 2022 (Audited)	31 December 2021 (Audited)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	15,660,750	33,267,557	183,638,725	183,709,396
– Items not subject to “China Accounting Standards for Business Enterprises No.16 – Government Subsidy” in accordance with IFRSs	31,718	33,624	-76,093	-107,811
– Difference arising from implementation of “China Accounting Standards for Business Enterprises Interpretation No. 3”	168,085	–	–	–
As reported in accordance with IFRSs	15,860,553	33,301,181	183,562,632	183,601,585



Commencement Ceremony for Phase II Project and Commissioning Ceremony for Phase I Project of Xuancheng Conch Building Photovoltaic Co., Ltd.





Commencement Ceremony for Production Line of Andijon Conch Cement



Lighting Ceremony for Qarshi Conch



Conch Environment Protection was listed on the Hong Kong Stock Exchange and Conch Cement completed the acquisition of Conch Environment Protection and consolidated its financial statements



Grid-Connected Operation for All-vanadium Flow Battery Energy Storage Project of Zongyang Conch





3. Management Discussion and Analysis

(1) OVERVIEW OF THE CEMENT INDUSTRY

In 2022, the international environment became more complex and severe, and China's economy has been impacted by various unexpected factors. The national fixed asset investment amount increased by 5.1% year-on-year, infrastructure investment amount increased by 9.4% year-on-year, and real estate development investment amount decreased by 10% year-on-year. Due to factors such as increased downward pressure on the macro economy and persistent weakness of the real estate market, the national cement market demand shrunk significantly, with national cement output of 2.13 billion tonnes in 2022, representing a year-on-year decrease of 10.5%. The continued sluggish market demand combined with the increase in supply has resulted in a high open price of cement and then close low during the year, with energy prices such as coal price rising sharply which drove up costs. Against the background of declining volume and price and rising costs, the efficiency of the cement industry has declined. (Source: National Bureau of Statistics, Digital Cement)

(2) INTRODUCTION OF THE MAIN BUSINESSES OF THE COMPANY

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

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

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



3. Management Discussion and Analysis

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

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

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





3. Management Discussion and Analysis

(4) MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 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.





3. Management Discussion and Analysis

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 Chizhou Conch 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, Hongji Cement and Hahe Cement. 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, Changde Dingxing, Linxia Tianxiang and 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.





3. Management Discussion and Analysis

2. Major operational information during the Reporting Period

(1) Analysis of revenue and cost

Principal activities by industry, product, region and sales model

Industry	Principal activities by industry			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
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
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



3. Management Discussion and Analysis

Product	Principal activities by product			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
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
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

3. Management Discussion and Analysis

Region	Principal activities by region					Increase or decrease in gross profit margin over the previous year
	Operating revenue	Operating cost	Gross profit margin	Increase or decrease in operating revenue over the previous year	Increase or decrease in operating cost over the previous year	
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	
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



3. Management Discussion and Analysis

Sales model	Principal activities by sales model			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
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
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.



3. Management Discussion and Analysis

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.



3. Management Discussion and Analysis

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 decreases 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.



3. Management Discussion and Analysis

(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. Management Discussion and Analysis

(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 costs in 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 costs of the Company's self-produced products, excluding cost of the trading business.

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

3. Management Discussion and Analysis

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.

3. Management Discussion and Analysis

(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



3. Management Discussion and Analysis

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





3. Management Discussion and Analysis

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.

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

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB183,639 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.



3. Management Discussion and Analysis

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

3. Management Discussion and Analysis

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 2022. 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. Please refer to note 8 to the financial report prepared in accordance with the PRC Accounting Standards for information on borrowings bearing fixed interest rate.

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	-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



3. Management Discussion and Analysis

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.

3. 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



3. Management Discussion and Analysis

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*)





3. Management Discussion and Analysis

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.



3. Management Discussion and Analysis

In 2023, it is planned that the Group's capital expenditure will amount to RMB19,318 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.



3. Management Discussion and Analysis

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. Management Discussion and Analysis

3. Cement is an energy-dependent industry, and the costs of coal and electricity account for a relatively high proportion in the costs of clinker production. 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.





4. Report of the Directors

(1) INVESTMENTS DURING THE REPORTING PERIOD

1. Establishment of project companies and deregistration of subsidiaries during the Reporting Period

- (1) In January 2022, the Company invested in and established Guiyang Conch Green Building Material Co., Ltd. with a registered capital of RMB50 million. The Company holds 100% of its equity interest.
- (2) In January 2022, the Company and Shuangfeng County Rural and Urban Construction Investment Group Co., Ltd. (hereinafter referred to as “Shuangfeng Urban Investment Company”) jointly invested in and established Shuangfeng Conch Green Building Material Co., Ltd. with a registered capital of RMB500 million, of which the Company contributed RMB325 million, accounting for 65% of its registered capital; and Shuangfeng Urban Investment Company contributed RMB175 million, accounting for 35% of its registered capital.
- (3) In January 2022, the Company invested in and established Pingliang Conch Green New Material Co., Ltd. with a registered capital of RMB35 million. The Company holds 100% of its equity interest.
- (4) In February 2022, the Company invested in and established Mengcheng Conch Building Material Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (5) In March 2022, Conch New Energy, a wholly-owned subsidiary of the Company, invested in and established Fengyang Conch Photovoltaic Technology Co., Ltd. with a registered capital of RMB1 billion. Conch New Energy holds 100% of its equity interest.



4. Report of the Directors

- (6) In March 2022, Ma'anshan Conch, a wholly-owned subsidiary of the Company, and Anhui Hezhou Holdings Group Co., Ltd. (hereinafter referred to as "Hezhou Holdings Group") jointly invested in and established Hexian Conch Green Building Material Co., Ltd. (hereinafter referred to as "Hexian Conch") with a registered capital of RMB500 million, of which Ma'anshan Conch contributed RMB150 million, accounting for 30% of its registered capital; Hezhou Holdings Group contributed RMB350 million, accounting for 70% of its registered capital.

Due to the specific cooperation plan of the project, after communication and negotiation between the two parties, in October 2022, Ma'anshan Conch and Hezhou Holdings Group signed the Memorandum of Dissolution and Equity Withdrawal Agreement of Hexian Conch Green Building Material Co., Ltd., and Ma'anshan Conch exited by way of an agreement of non-public transfer of 30% equity interest of Hexian Conch to Hezhou Holdings Group. In October 2022, Hexian Conch completed the relevant industrial and commercial change registration.

- (7) In March 2022, the Company invested in and established Conch (Hunan) Holdings Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (8) In March 2022, Conch New Energy, Shandong Yabo Technology Co., Ltd. (hereinafter referred to as "Yabo Technology"), Xuancheng Kaisheng Construction Investment Group Co., Ltd. (hereinafter referred to as "Kaisheng Construction Investment") and Anhui Huasun New Energy Technology Co., Ltd. (hereinafter referred to as "Huasun New Energy") jointly invested in and established Xuancheng Conch Building Photovoltaic Technology Co., Ltd. with a registered capital of RMB270 million, of which Conch New Energy contributed RMB186 million, accounting for 68.89% of its registered capital; Yabo Technology contributed RMB60 million, accounting for 22.22% of its registered capital; Kaisheng Construction Investment contributed RMB15 million, accounting for 5.56% of its registered capital; and Huasun New Energy contributed RMB9 million, accounting for 3.33% of its registered capital.
- (9) In April 2022, the Company invested in and established Conch (Shaanxi) Holdings Co., Ltd. (hereinafter referred to as "Shaanxi Regional Company") with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (10) In April 2022, the Company invested in and established Conch (Guizhou) Holdings Co., Ltd. (hereinafter referred to as "Guizhou Regional Company") with a registered capital of RMB100 million. The Company holds 100% of its equity interest.



4. Report of the Directors

- (11) In May 2022, Guizhou Regional Company and Guizhou Yixin Industrial Investment Co., Ltd. (hereinafter referred to as “Yixin Industrial”) jointly invested in and established Liuzhi Conch Yixin Green New Building Material Co., Ltd. with a registered capital of RMB50 million, of which Guizhou Regional Company contributed RMB35 million, accounting for 70% of its registered capital; and Yixin Industrial contributed RMB15 million, accounting for 30% of its registered capital.
- (12) In May 2022, the Company invested in and established Conch (Yunnan) Holdings Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (13) In May 2022, the Company invested in and established Lianyungang Conch Green Building Material Co., Ltd. with a registered capital of RMB50 million. The Company holds 100% of its equity interest.
- (14) In May 2022, Guangying Cement, a majority-owned subsidiary of the Company, and Qingyuan Mining Development Co., Ltd. (hereinafter referred to as “Qingyuan Mining”) jointly invested in and established Qingyuan Guangying Mining Co., Ltd. (hereinafter referred to as “Guangying Mining”) with a registered capital of RMB10 million, of which Guangying Cement contributed RMB5.1 million, accounting for 51% of its registered capital; and Qingyuan Mining contributed RMB4.9 million, accounting for 49% of its registered capital.

In order to support the operation and development of Guangying Mining, during the Reporting Period, Guangying Cement and Qingyuan Mining increased the registered capital of Guangying Mining according to their respective shareholding proportion, of which Guangying Cement contributed RMB27.0045 million, and Qingyuan Mining contributed RMB25.9455 million. After the capital increase, the registered capital of Guangying Mining became RMB62.95 million.

In December 2022, Guangying Cement and Qingyuan Mining entered into the Property Rights Transaction Contract, pursuant to which Guangying Cement acquired 49% equity interest in Guangying Mining held by Qingyuan Mining. After completion of this equity transfer, Guangying Cement holds 100% equity interest in Guangying Mining.



4. Report of the Directors

- (15) In June 2022, China Cement Plant, a wholly-owned subsidiary of the Company, invested in and established Nanjing Conch Green New Material Technology Co., Ltd. with a registered capital of RMB50 million. China Cement Plant holds 100% of its equity interest.
- (16) In July 2022, Tongling Conch, Anhui Xiaosong Construction Machinery Co., Ltd. (hereinafter referred to as “Anhui Xiaosong”) and Hefei Rijian Construction Machinery Co., Ltd. (hereinafter referred to as “Hefei Rijian”) jointly invested in and established Anhui Conch Construction Machinery Technology Co., Ltd. with a registered capital of RMB40 million, of which Tongling Conch contributed RMB26 million, accounting for 65% of its registered capital; Anhui Xiaosong contributed RMB10 million, accounting for 25% of its registered capital and Hefei Rijian contributed RMB4 million, accounting for 10% of its registered capital.
- (17) In August 2022, the Company invested in and established Zongyang Conch Green New Material Co., Ltd. with a registered capital of RMB35 million. The Company holds 100% of its equity interest.
- (18) In August 2022, the Company invested in and established Conch (Guangxi) Holding Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (19) In September 2022, the Company invested in and established Conch (Hefei) Holding Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (20) In October 2022, the Company invested in and established Conch (Zhejiang) Holding Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (21) In November 2022, Conch New Energy and Guangdong Qingneng Electrical Technology Co., Ltd. (hereinafter referred to as “Qingneng Company”) jointly invested in and established Qingyuan Conch Qingneng New Energy Investment Co., Ltd. (hereinafter referred to as “Qingyuan Conch New Energy”) with a registered capital of RMB1 million, of which Conch New Energy contributed RMB0.5 million, accounting for 50% of its registered capital; Qingneng Company contributed RMB0.5 million, accounting for 50% of its registered capital.

In November 2022, Qingyuan Conch New Energy invested in and established Qingyuan Qingxin Conch New Energy Co., Ltd. with a registered capital of RMB1 million. Qingyuan Conch New Energy holds 100% of its equity interest.



4. Report of the Directors

- (22) In November 2022, Anhui Conch Green New Material Co., Ltd. (hereinafter referred to as “Conch Green New Material”), a majority-owned subsidiary of the Company, and Bozhou Wuhu Investment Development Co., Ltd. (hereinafter referred to as “Bowu Investment Company”) jointly invested in and established Bozhou Conch Construction Materials Sales Co., Ltd. with a registered capital of RMB100 million, of which Conch Green New Material contributed RMB80 million, accounting for 80% of its registered capital; and Bowu Investment Company contributed RMB20 million, accounting for 20% of its registered capital.
- (23) In December 2022, Conch HK invested in and established Xingye Conch New Material Co., Ltd. with a registered capital of USD6 million. Conch HK holds 100% of its equity interest.
- (24) During the Reporting Period, Conch New Energy solely invested in and established 53 new energy companies as follows:

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
1	Shimen Conch New Energy Co., Ltd.	January 2022	11.00	100%
2	Long'an Conch New Energy Co., Ltd.	January 2022	7.50	100%
3	Yueqing Conch New Energy Co., Ltd.	January 2022	7.66	100%
4	Ninghai Conch New Energy Technology Co., Ltd.	January 2022	5.80	100%
5	Tongren Conch New Energy Co., Ltd.	January 2022	6.70	100%
6	Xiangshan Conch New Energy Technology Co., Ltd.	January 2022	6.94	100%
7	Xingye Conch New Energy Co., Ltd.	January 2022	9.80	100%
8	Basu Conch New Energy Co., Ltd.	February 2022	5.10	100%
9	Ningguo Conch New Energy Co., Ltd.	February 2022	4.00	100%
10	Lianyuan Conch New Energy Co., Ltd.	February 2022	7.03	100%
11	Yiyang Conch New Energy Co., Ltd.	February 2022	17.94	100%
12	Huainan Conch New Energy Technology Co., Ltd.	February 2022	5.60	100%
13	Guizhou Liukuang Conch New Energy Co., Ltd.	February 2022	4.75	100%
14	Guiyang Conch New Energy Co., Ltd.	February 2022	6.60	100%
15	Linxiang Conch New Energy Co., Ltd.	February 2022	5.20	100%

4. Report of the Directors

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
16	Zunyi Conch New Energy Co., Ltd.	February 2022	8.70	100%
17	Shaoyang Conch New Energy Co., Ltd.	February 2022	10.17	100%
18	Anhui Digang Conch New Energy Co., Ltd.	February 2022	12.80	100%
19	Qianyang Conch New Energy Co., Ltd.	February 2022	8.31	100%
20	Chizhou Conch New Energy Co., Ltd.	February 2022	21.00	100%
21	Wugang Conch New Energy Co., Ltd.	February 2022	5.56	100%
22	Huaining Conch New Energy Co., Ltd.	March 2022	6.04	100%
23	Nantong Conch New Energy Technology Co., Ltd.	March 2022	6.93	100%
24	Chongqing Liangping District Conch New Energy Co., Ltd.	March 2022	7.50	100%
25	Jinxian Conch New Energy Co., Ltd.	March 2022	9.94	100%
26	Tengchong Conch New Energy Co., Ltd.	March 2022	6.48	100%
27	Guizhou Province Zunyi Bozhou Conch New Energy Co., Ltd.	March 2022	9.59	100%
28	Beiliu Conch New Energy Co., Ltd.	March 2022	8.01	100%
29	Huaibei Conch New Energy Co., Ltd.	April 2022	11.00	100%
30	Zongyang Conch New Energy Co., Ltd.	April 2022	7.90	100%
31	Huangshan Conch New Energy Co., Ltd.	April 2022	6.48	100%
32	Hainan Changjiang Conch New Energy Co., Ltd.	May 2022	10.73	100%
33	Taizhou Yangwan Conch New Energy Co., Ltd.	May 2022	7.22	100%
34	Taicang Conch New Energy Co., Ltd.	May 2022	0.97	100%
35	Lu'an Conch New Energy Co., Ltd.	May 2022	6.66	100%
36	Bazhong Conch New Energy Co., Ltd.	May 2022	4.98	100%
37	Ma'anshan Conch New Energy Co., Ltd.	May 2022	3.30	100%
38	Liupanshui Conch New Energy Co., Ltd.	May 2022	3.93	100%
39	Yangzhou Conch New Energy Co., Ltd.	May 2022	7.80	100%
40	Shaoxing Shangyu Conch New Energy Co., Ltd.	June 2022	2.93	100%



4. Report of the Directors

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
41	Zhanjiang Conch New Energy Co., Ltd.	June 2022	7.70	100%
42	Taizhou Conch New Energy Co., Ltd.	June 2022	4.13	100%
43	Bengbu Conch New Energy Co., Ltd.	June 2022	8.62	100%
44	Nanchang Conch New Energy Co., Ltd.	June 2022	3.12	100%
45	Qianxian Conch New Energy Co., Ltd.	June 2022	8.86	100%
46	Jiangxi Ganjiang Conch New Energy Co., Ltd.	June 2022	6.02	100%
47	Changfeng Conch New Energy Co., Ltd.	June 2022	2.77	100%
48	Tongchuan Conch New Energy Co., Ltd.	June 2022	4.94	100%
49	Dazhou Conch New Energy Co., Ltd.	June 2022	8.07	100%
50	Jiujiang Conch New Energy Co., Ltd.	July 2022	3.67	100%
51	Chongqing Conch New Energy Co., Ltd.	July 2022	8.22	100%
52	Qianxi Nanzhou Conch New Energy Co., Ltd.	July 2022	12.00	100%
53	Langxi Conch New Energy Co., Ltd.	November 2022	7.12	100%

(25) From May to October 2022, the Company completed the deregistration of five companies including Fenyi Cangguling Construction Material Co., Ltd., Fanchang Branch of Anhui Conch New Energy Co., Ltd., Xing'an Conch New Material Co., Ltd., Yancheng Conch Construction Material Co., Ltd. and Wangjiang Conch New Energy Co., Ltd., such deregistration will not bring adverse impact on the overall production and operation, and the results of the Company.

2. Acquisition of project companies during the Reporting Period

(1) In March 2022, the Company and natural person shareholders Zhao Bo, Xie Tingjun and Zhang Jie entered into the Equity Increase and Share Enlargement Agreement of Chongqing Duoji Renewable Resources Co., Ltd. and subsequently entered into the Supplemental Agreement to the Equity Increase and Share Enlargement Agreement of Chongqing Duoji Project, pursuant to which, the Company held a controlling interest in Chongqing Duoji by means of cash capital increase. After completion of the equity increase, Chongqing Duoji has a registered capital of RMB20,408,163, of which the Company holds 51% of its equity interest, Zhao Bo holds 22.5008% of its equity interest, Xie Tingjun holds 22.5008% of its equity interest and Zhang Jie holds 3.9984% of its equity interest. In April 2022, Chongqing Duoji completed the relevant business registration procedures.



4. Report of the Directors

- (2) In March 2022, the Company and Conch IT Engineering entered into the Equity Transfer Agreement of Shanghai Zhizhi Technology Co., Ltd., pursuant to which the Company acquired 55% equity interest in Shanghai Zhizhi from Conch IT Engineering. The remaining 45% equity interest of Shanghai Zhizhi is still held by Dandong Dongfang Measurement & Control Technology Co., Ltd.. Shanghai Zhizhi has a registered capital of RMB80 million, and has completed the relevant business registration procedures in May 2022.

In April 2022, Shanghai Zhizhi invested in and established Anhui Zhizhi Engineering Technology Co., Ltd. with a registered capital of RMB30 million. Shanghai Zhizhi holds 100% of its equity interest.

- (3) In March 2022, the Company, Conch Holdings and Conch Design Institute entered into the Equity Transfer Agreement of Anhui Jinggong Testing and Inspection Center Co., Ltd., pursuant to which the Company acquired 100% equity interest in Jinggong Testing jointly held by Conch Holdings and Conch Design Institute (among which, Conch Holdings held 70% of its equity interest, and Conch Design Institute held 30% of its equity interest). After completion of the acquisition, Jinggong Testing became a wholly-owned subsidiary of the Company with a registered capital of RMB8 million. In April 2022, Jinggong Testing completed the relevant business registration procedures.
- (4) In April 2022, Shimen Conch, a wholly-owned subsidiary of the Company, and natural person shareholders Xiang Jianxin and Li Meiquan entered into the Equity Acquisition Agreement of Changde Dingxing Concrete Products Co., Ltd., pursuant to which the Company acquired an aggregate of 100% equity interest in Changde Dingxing from the above-mentioned shareholders. Changde Dingxing has a registered capital of RMB10 million, and has completed the relevant business registration procedures in April 2022.



4. Report of the Directors

- (5) In April 2022, Lianyuan Conch Cement Co., Ltd., a majority-owned subsidiary of the Company, and natural person shareholders Liao Xiyun, Tang Yunjun, Zhu Shuqing, Fu Yueping and Tang Qing entered into the Equity Acquisition Agreement of Changsha Yongyun Building Materials Co., Ltd., pursuant to which the Company acquired an aggregate of 100% equity interest in Changsha Yongyun Building Materials from above-mentioned natural person shareholders. Changsha Yongyun Building Materials has a registered capital of RMB30 million, and has completed the relevant business registration procedures in April 2022.
- (6) In April 2022, the Company and Conch New Material entered into the Property Rights Transaction Contract, pursuant to which the Company acquired 49% equity interest in Jiangsu Conch Building Materials Co., Ltd. (hereinafter referred to as “Jiangsu Conch Building Materials”) from Conch New Material. After completion of this equity transfer, the Company holds 100% equity interest in Jiangsu Conch Building Materials. Jiangsu Conch Building Materials has a registered capital of RMB50 million and has completed the relevant business registration procedures in May 2022.
- (7) In April 2022, the Company, Inner Mongolia Jarud Banner Xingta Mining Co., Ltd. (hereinafter referred to as “Xingta Mining”) and Qinhuangdao Zhuozhong Industrial Co., Ltd. (hereinafter referred to as “Zhuozhong Industry”) entered into the Equity Transfer Agreement of Naimanqi Hongji Cement Co., Ltd., pursuant to which the Company acquired 72.77% and 7.23% equity interests in Hongji Cement from Xingta Mining and Zhuozhong Industry respectively. After completion of this equity transfer, the Company holds 80% equity interest of Hongji Cement, and the remaining 20% equity interest is still held by Zhuozhong Industry. Hongji Cement holds 100% equity interests in Naimanqi Banner Xingta Renewable Resources Co., Ltd. and Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd. respectively.

After completion of this equity transfer, the Company and Zhuozhong Industry increased the registered capital of Hongji Cement by RMB120 million according to their shareholding proportion, of which the Company contributed RMB96 million and Zhuozhong Industry contributed RMB24 million. Hongji Cement has a registered capital of RMB465.26 million after the completion of this capital increase.

In May 2022, Hongji Cement invested in and established Chifeng Conch with a registered capital of RMB120 million, of which Hongji Cement holds 100% of its equity interest.



4. Report of the Directors

In May 2022, Hongji Cement and Hahe Cement entered into the Asset Transfer Agreement, pursuant to which Chifeng Conch acquired the cement and mineral powder production lines, and related land use rights and other assets of Hahe Cement.

- (8) In May 2022, the Company acquired 15% equity interest in Shuicheng Conch (a majority-owned subsidiary of the Company) from Guizhou Xinsheng Coal Chemical Industry Co., Ltd. (hereinafter referred to as “Xinsheng Coal Chemical Industry”) through public bidding. After the completion of this equity transfer, the Company, Guizhou Panjiang Coal Electricity Co., Ltd. and Xinsheng Coal Chemical Industry hold 55%, 30% and 15% equity interest of Shuicheng Conch, respectively. In December 2022, Shuicheng Conch was completed the relevant business registration procedure.
- (9) In August 2022, Conch HK acquired Shangfeng Bridge of Friendship Co., Ltd. (hereinafter referred to as “Shangfeng Friendship Company”), a Uzbekistan-Chinese joint venture through equity increase and share enlargement. After capital increase, Shangfeng Friendship Company has a registered capital of USD40 million, of which Conch HK holds 51% of its equity interest, Zhejiang Shangfeng Construction Material Co., Ltd. holds 29% of its equity interest and Uzbekistan Joydam House Construction and Decoration Co., Ltd. holds 20% of its equity interest.
- (10) In November 2022, Yiyang Conch, a wholly-owned subsidiary of the Company, and natural person shareholders Zhang Xuewen and Chen Zhiqiang entered into the Equity Acquisition Agreement of Guixi Yinggui Ready-mix Mortar Co., Ltd., pursuant to which, Yiyang Conch acquired 100% equity interest in Guixi Yinggui jointly held by those shareholders. Guixi Yinggui has a registered capital of RMB26 million and the relevant business registration procedures were completed in November 2022.
- (11) In December 2022, Shaanxi Regional Company, a wholly-owned subsidiary of the Company, Linxia Conch and natural person shareholder Li Rulin entered into the Equity Acquisition Agreement of Linxia Tianxiang Commercial Concrete Co., Ltd., and acquired 100% equity interest in Linxia Tianxiang held by Li Rulin, of which, Shaanxi Regional Company holds 95% of its equity interest and Linxia Conch holds 5% of its equity interest.

Upon completion of the acquisition, Shaanxi Regional Company and Linxia Conch increased the registered capital of Linxia Tianxiang by RMB14 million according to their shareholding proportion, of which Shaanxi Regional Company contributed RMB13.3 million and Linxia Conch contributed RMB0.7 million. Linxia Tianxiang has a registered capital of RMB40 million after the completion of this capital increase.

4. Report of the Directors

(12) In view of the great synergy effect between the Conch Environment Protection's main business of industrial solid and hazardous waste treatment by using cement kiln and the Company's main cement business, and to enhance the integration of resources and industrial assets, during the Reporting Period, the Group has strategically invested in and increased its cumulative shareholding in Conch Environment Protection to 20% and became its largest shareholder. The Group and the concert parties of the Company in aggregate hold approximately 27% of the issued shares of Conch Environment Protection. Based on the corporate governance arrangement, the Company has consolidated the financial results of Conch Environment Protection and Conch Environment Protection has become a subsidiary of the Company since 28 October 2022.

For details, please refer to the announcements No. 23, No. 36 and No. 41 published by the Company on the website of the SSE on 3 June 2022, 11 October 2022 and 29 October 2022, respectively and the announcements published on the websites of the Stock Exchange and the Company on 2 June 2022, 10 October 2022 and 28 October 2022, respectively.

3. Subsidiaries with capital increase during the Reporting Period

During the Reporting Period, the Company increased the registered capital of the following subsidiaries and the amount of capital increase was as follows:

Name of companies	Capital contributed by the Company	Registered capital after capital increase	Percentage of shareholding held by the Company after capital increase
Conch New Energy	RMB4,500.00 million	RMB5,000.00 million	100%
Shaanxi Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Yunnan Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Jiangxi Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Guangxi Chongzuo Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Nanjing Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Shandong Haizhong Trading Co., Ltd.	RMB40.00 million	RMB50.00 million	100%
Hunan Haizhong Trading Co., Ltd.	RMB90.00 million	RMB100.00 million	100%
Quanjiao Conch Construction Technology Co., Ltd.	RMB90.00 million	RMB300.00 million	90%
Vientiane Conch Cement Co., Ltd.	USD3.75 million	USD20.00 million	75%
Conch KT Cement (Phnom Penh) Company Limited	USD11.00 million	USD30.00 million	55%
Tashkent Conch Cement Joint Venture Co., Ltd.	USD5.5714 million	USD34.30 million	65%
Conch HK	USD20.40 million	USD285.40 million	100%

The Company's shareholding in the above subsidiaries remained unchanged before and after the capital increase.



4. Report of the Directors

4. Investment in securities

- (1) During the Reporting Period, the Group increased its shareholdings in WCC by 133,556,000 shares in secondary market; increased its shareholdings in Yatai Group by 10,000,000 shares in secondary market; reduced its shareholdings in Xinli Finance by 3,076,700 shares in secondary market.
- (2) During the Reporting Period, the Group increased its shareholdings in Conch Venture by 75,497,000 shares and reduced its shareholdings by 5,500 shares in secondary market. Conch Venture cancelled its repurchased shares on 15 June and 27 June 2022 respectively, and the proportionate shareholding in Conch Venture held by the Group increased as a result of the reduction of total share capital. As at the end of Reporting Period, the shareholding percentage held by the Group in Conch Venture was 4.94%.
- (3) During the Reporting Period, Conch HK, a wholly-owned subsidiary of the Company, as a cash option provider, participated in the change of listing venue of the domestic listed foreign shares (B shares) of Huaxin Cement and their listing and trading on the Main Board of the Stock Exchange by way of introduction. According to the final exercise results, as at the end of the Reporting Period, Conch HK held H shares of Huaxin Cement representing 4.43% of its total share capital.
- (4) During the Reporting Period, the Company subscribed for 74,074,074 non-public A shares of Tianshan Cement with its internal funds of RMB999,999,999, representing 0.86% of its total shares capital after its non-public offering. For details, please refer to the announcement in relation to the subscription for A shares of Xinjiang Tianshan Cement Co., Ltd. under non-public placing (Provisional 2022-01) published by the Company on the website of the SSE on 10 February 2022. As at the end of the Reporting Period, such non-public shares were listed.



4. Report of the Directors

- (5) During the Reporting Period, the Group reduced its shareholdings in Shangfeng Cement by 4,588,000 shares in secondary market. According to its equity distribution proposal for 2021, 2 bonus shares were issued for every 10 shares held by the shareholders, and the Company was allotted with 1,959,551 shares. As of the end of the Reporting Period, shareholdings percentage held by the Company in Shangfeng Cement was 1.21%.
- (6) On 21 December 2021, the Company and West Construction entered into the Conditional Stock Subscription Agreement and the Conditional Strategic Cooperation Agreement for the proposed subscription for shares under non-public placing. The Company intended to subscribe for 251,444,577 A shares of West Construction (the final number of shares to be subscribed for shall be subject to the approval of the CSRC by way of non-public placing at a cash consideration of RMB1,760,112,039. For details, please refer to the announcement in relation to proposed subscription for A shares of China West Construction Group Co., Ltd. under non-public placing (Provisional 2021-48) published by the Company on the website of the SSE on 22 December 2021.

In September 2022, according to the “Announcement on Adjusting the Company’s Non-public Share Issuance Plan for 2021” (2022-063) disclosed by West Construction, West Construction adjusted its non-public share issuance plan in accordance with relevant laws, regulations, normative documents and regulatory requirements, and based on the actual situation of the company. The issue price was adjusted from RMB7.00 per share to RMB6.905 per share, and the number of shares to be issued was adjusted from 280,016,005 shares to 214,845,838 shares. The number of shares subscribed by the Company was correspondingly changed from 251,444,577 shares to 192,924,047 shares.

In November 2022, in order to further implement the strategic cooperation and clarify the rights and obligations of both parties, the Company and West Construction entered into the Supplement Agreement to the Conditional Strategic Cooperation Agreement.

As at the end of the Reporting Period, the said subscription for shares had not completed.

- (7) For investment in securities of Conch Environment Protection during the Reporting Period, please refer to the paragraph headed “2. Acquisition of project companies during the Reporting Period” under “(1) INVESTMENTS DURING THE REPORTING PERIOD” in this chapter.

4. Report of the Directors

- (8) As at the end of the Reporting Period, the Group's investment in securities were set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of shareholding		Carrying amount at the end of the Reporting Period (RMB)	Gain/(Loss) on changes in fair value during the Reporting Period (RMB)	Accumulated changes in fair value recognized in equity (RMB)	Amount purchased			Carrying amount at the end of the Reporting Period (RMB)
			at the beginning of the Reporting Period (%)	at the end of the Reporting Period (%)				during the Reporting Period (including distributed) (RMB)	Amount sold during the Reporting Period (including distribution) (RMB)	Investment profit/loss recognized during the Reporting Period (RMB)	
2233	WCC	1,960,606,127	27.43	29.80	3,044,212,293	-	-	138,295,498	-	398,051,315	3,559,955,049
0587	Conch Environment Protection	2,786,537,918	-	20.00	-	-	-1,952,225,799	2,786,537,918	-	-	834,312,119
600881	Yatai Group	520,559,731	5.00	5.31	527,948,493	-143,232,430	-	29,153,593	-	-	413,869,656
600318	Xinli Finance	32,441,180	5.68	5.08	361,427,140	-	-181,361,035	-	3,828,511	-	176,237,594
0586	Conch Venture	1,923,031,472	0.77	4.94	436,699,701	-	-567,354,830	2,323,858,248	837,131,647	53,832,386	1,356,071,472
6655	Huaxin Cement	1,146,289,177	-	4.43	-	-	-425,188,322	1,146,289,177	-	84,312,206	721,100,855
000672	Shangfeng Cement	178,166,549	1.77	1.21	288,722,083	-79,723,912	-	-	83,430,154	44,933,273	125,568,017
000877	Tianshan Cement	999,999,999	-	0.86	-	-368,888,888	-	999,999,999	-	24,444,444	631,111,111
Total		9,547,632,153	-	-	4,659,009,710	-591,845,230	-3,126,129,986	7,424,134,433	924,390,312	605,573,624	7,818,225,873

- Notes:
- The shares held by the Group in Xinli Finance, Conch Venture and Huaxin Cement were included in "other investments in equity instruments", the shares in Conch Environment Protection and WCC were included in "long-term equity investments" and shares in Yatai Group, Shangfeng Cement and Tianshan Cement were included in "financial assets held for trading".
 - During the Reporting Period, as Conch Venture distributed the issued shares of Conch Environment Protection in kind, the Company was allotted 89,510,500 shares of Conch Environment Protection.
 - Funds utilized by the Group for the above securities investments are mainly its own funds.



4. Report of the Directors

5. Major investments during the Reporting Period

During the Reporting Period, the Company did not have major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Company during the Reporting Period, please refer to the paragraph headed “1. Overview of operation development” under the section headed “(4) Management Discussion and Analysis on the Operations – Analysis on the Operational Conditions for 2022” in Chapter 3 “Management Discussion and Analysis” in this report as well as item 15 under note V to the financial statements prepared in accordance with the PRC Accounting Standards.

6. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 473 subsidiaries, 11 jointly-controlled entities, and invested in 7 associates and 1 joint venture. For details, please refer to notes 17, 18 and 19 to the financial statements prepared by the Company in accordance with the IFRSs.

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

7. Cooperation and Investment with Private Equity Fund

In 2021, the Company, China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (general partner and fund manager, hereinafter referred to as “CNBM Private Equity Fund”) and other limited partners co-funded and established CNBM (Anhui) New Materials Industry Investment Fund Partnership (limited partnership) (hereinafter referred to as “Industrial Investment Fund”), with an initial fund scale amounted to RMB15 billion. The Company, as a limited partner, shall subscribe for RMB1.6 billion of its capital. In addition, CNBM Private Equity Fund and some partners or related parties jointly invested in and established CNBM (Anhui) New Materials Fund Management Co., Ltd. (hereinafter referred to as “CNBM (Anhui) Management Company”), with a registered capital of RMB50 million, of which the Company contributed RMB3,809,524, accounting for 7.62% of its registered capital. After the establishment of CNBM (Anhui) Management Company, it was admitted to the Industrial Investment Fund and acted as the general partner and executive partner. The Industrial Investment Fund has completed the registration procedures for the corporate establishment with the State Administration for Market Regulation and the filing of private funds with the Asset Management Association of China.



4. Report of the Directors

During the Reporting Period, in order to give full play to the enthusiasm of the team of the Industrial Investment Fund, CNBM (Anhui) Management Company and the core management members of the team jointly invested in and established Hefei Weiyu Equity Investment Partnership (limited partnership) (hereinafter referred to as “Hefei Weiyu”), and CNBM (Anhui) Management Company and Hefei Weiyu entered into the Agreement on Transfer of the General Partner Shares of CNBM (Anhui) New Material Industry Investment Fund Partnership (limited partnership), according to which CNBM (Anhui) Management Company transferred its general partner shares of RMB15 million to Hefei Weiyu at a price of RMB4.5 million (corresponding to the committed capital contribution of RMB15 million and the paid-in capital contribution of RMB4.5 million). After the completion of the above transfer, Hefei Weiyu was admitted to the Industrial Investment Fund as a limited partner after consideration and approval by the Industrial Investment Fund’s partners meeting. After the change of partners of the Industrial Investment Fund, each of the partners re-signed the Partnership Agreement of CNBM (Anhui) New Material Industrial Investment Fund Partnership (limited partnership).

As of the date of this report, the registration procedures for corporate change in relation to the admission of Hefei Weiyu to the Industrial Investment Fund, and the change procedures for filing of private funds with the Asset Management Association of China have been completed. The Company has made actual paid-in capital contribution amount of RMB1.12 billion. For details, please refer to the provisional announcements No. 26, 29, 37 and 47 published by the Company on the website of the SSE in 2021 and the provisional announcement No.1 published by the Company on the website of the SSE in January 2023. The Company will fulfill information disclosure obligation on a timely basis in strict compliance with Guidelines No. 5 for Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange – Transactions and Related Transactions and other relevant requirements according to the subsequent development of the Industrial Investment Fund.



4. Report of the Directors

(2) PROFIT APPROPRIATION POLICY AND ITS IMPLEMENTATION

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

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

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

During the Reporting Period, the Company executed the profit distribution proposal for the year 2021 which was approved at the 2021 annual general meeting of the Company. Based on the total number of issued shares of 5,299,302,579 shares as at 31 December 2021, a final cash dividend of RMB2.38 (tax inclusive) per share was paid to all the shareholders of the Company, totaling RMB12,612,340,138.02 (tax inclusive). In June 2022, the above dividend was paid to all the shareholders whose names were recorded in the register of members on the relevant record date. The announcement regarding the implementation of the aforesaid dividend distribution was published on the SSE website, Shanghai Securities Journal and Securities Times on 14 June 2022, as well as the HKEXnews website of the Stock Exchange and the Company's website on 13 June 2022 respectively.



4. Report of the Directors

2. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 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 period ended 31 December 2022 as follows:

- (1) Pursuant to the requirements of the Articles of the Company, the Company shall appropriate 10% of the realized profit after tax for the year to the statutory surplus reserve, provided that no further appropriation is required when the accumulated appropriated amount for statutory surplus reserve exceeds 50% of the registered capital of the Company. As the amount of the Company's statutory surplus reserve has reached 50% of the registered capital of the Company, no appropriation was made for the year 2022.
- (2) Based on the Company's total number of issued shares of 5,299,302,579 shares in its share capital as at 31 December 2022, the payment of a final dividend of RMB1.48 per share (tax inclusive) is proposed, totaling RMB7,842.97 million (tax inclusive), representing 50.08% of net profit attributable to ordinary shareholders of the Company in the consolidated financial statements of 2022.

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

Except for the above profit appropriation proposal, the Company did not implement the capitalization of capital reserve fund in 2022.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2022.



4. Report of the Directors

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

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

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

4. Report of the Directors

Pursuant to the Notice on Issues relating to Collecting Individual Income Tax after Repealing the Document of Guoshuifa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) promulgated by the State Administration of Taxation and the letter entitled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the Stock Exchange, overseas resident individual holders of the shares issued in Hong Kong by domestic non-foreign invested enterprises are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties entered into between the countries where they reside and China and the tax arrangements between the Mainland China and Hong Kong (Macau). The Company shall determine the identity of individual holders of H Shares whose names appear on the H Shares register of members of the Company on 12 June 2023 (Monday) based on their registered addresses. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements. The relevant arrangements are detailed as follows:

- (1) For individual holders of H Shares who are Hong Kong or Macau residents and whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of dividend.
- (2) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of less than 10%, shareholders shall determine by themselves whether they are eligible to the treaty benefits. Those who wish to enjoy treaty benefits shall submit to the Company the information required under the Announcement of the State Administration of Taxation published in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Zong [2019] No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國稅總[2019]35號) before 21 June 2023. If the information is considered to be true and complete upon review, the Company will withhold and pay individual income tax at the treaty tax rate on behalf of the individual holders of H Shares. Otherwise, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares. Shareholders who are entitled to but have not enjoyed the treaty treatment and overpay taxes as a result thereof may, by themselves or through the Company, apply to competent tax authorities for the refund of overpaid taxes within the time limit stipulated in the tax levying related laws.



4. Report of the Directors

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

(3) TAXATION

Details of taxation are set out in notes 8 and 38 to the financial statements prepared in accordance with the IFRSs, and in note IV “Taxation” and items 18, 25, 39 and 50 under note V of “Notes to Consolidated Financial Statements” to the financial statements prepared in accordance with the PRC Accounting Standards.

(4) MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, in the business operation of the Group, the aggregate sales amount of the Group to its five largest customers amounted to RMB4.818 billion, representing 3.65% of the total sales amount of the Group, and the largest customer accounted for 0.85% of the total sales amount of the Group; the aggregate purchase amount from the five largest suppliers amounted to RMB21.021 billion, representing 20.23% of the total purchase amount of the Group, and the largest supplier accounted for 6.48% of the total purchase amount of the Group. So far as is known to the Group, none of the five largest customers and suppliers have any connection with the Group.

During the Reporting Period, the new customers among the five largest customers were as follows:

No.	Name of Customers	Sales amount (RMB million)	Percentage of total annual sales amount (%)
1	Zhejiang Xiangyue Energy Co., Ltd.	1,128	0.85
2	Shanghai Construction Building Materials Technology Group Co., Ltd.	985	0.75
3	West Construction	834	0.63
4	YCIH Logistics Co., Ltd.	776	0.59

4. Report of the Directors

The new suppliers among the five largest suppliers were as follows:

No.	Name of Suppliers	Purchase amount (RMB million)	Percentage of total annual purchase amount (%)
1	China Coal Energy (Nanjing) Co., Ltd.	6,729	6.48
2	Shanxi Coking Coal Group Co., Ltd.	3,569	3.44
3	Coal Operation Branch of China Energy Investment Corporation Limited	2,191	2.11
4	China Energy Trading Group Limited	2,190	2.11

None of the Directors, Supervisors or their respective close associates (as defined in the HKSE Listing Rules) nor, to the knowledge of the Board, shareholders holding more than 5% of the number of issued shares of the Company had interests in any of the five largest customers or five largest suppliers of the Group for the year ended 31 December 2022.

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

(5) LEASEHOLD LAND, PROPERTY, PLANT AND EQUIPMENT

Changes in leasehold land, property, plant and equipment of the Company for the year ended 31 December 2022 were set out in note 14 to the financial statements prepared in accordance with the IFRSs.

(6) TOTAL ASSETS

As at 31 December 2022, the Group's total assets as determined in accordance with the IFRSs amounting to approximately RMB243.976 billion, representing an increase of approximately RMB13.421 billion over that of the end of last year.



4. Report of the Directors

(7) RESERVES

Changes in the reserves of the Company and the Group for the year ended 31 December 2022 were set out in the consolidated statement of changes in equity and note 39 to the financial statements prepared in accordance with the IFRSs.

(8) DEPOSITS, LOANS AND CAPITALIZED INTEREST

Details of the Group's loans as at 31 December 2022 were set out in notes 32, 33 and 34 to the financial statements prepared in accordance with the IFRSs. The Group's deposits as at 31 December 2022 were placed with reputable commercial banks. The Group has no entrusted deposits and fixed-term deposits which cannot be withdrawn upon expiry. During the Reporting Period, interest capitalized in respect of construction-in-progress amounted to RMB48.1751 million, details of which were set out in note 7 to the financial statements prepared in accordance with the IFRSs.

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

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



4. Report of the Directors

In order to effectively reduce foreign exchange risk to ensure that the risk level is overall under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects by adjusting its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization over foreign funds in domestic and overseas markets by continuing to promote a management model of foreign fund pool, so as to lower costs of exchange settlement and sales, effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country where the Group invested, so as to complement each other's capital advantage, enhance capital economies of scale, reduce loss from currency exchange and reduce financing costs. Meanwhile, the Group paid close attention to the changes of foreign exchange policies of the invested countries, actively responded to the impact of the two-way fluctuation of the exchange rate caused by the Federal Reserve Board's sharp interest rate hike, reasonably allocated foreign currency assets, and reasonably combined the loan funds in the countries where the Group operates in combination with changes in exchange rates and interest rates and leveraged forward instruments as and when appropriate to hedge foreign exchange risks according to the trend of currency exchange rate.

(10) BUSINESS REVIEW, OUTLOOK AND MAJOR RISK FACTORS

For details on the business review, outlook for 2023 and the major risk factors of the Group, please refer to chapter 3 "Management Discussion and Analysis" in this report.

(11) COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, the Group complied with the relevant laws and regulations which have a significant impact on the Company.



5. Corporate Governance and Corporate Governance Report

(1) CORPORATE GOVERNANCE

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

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

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

The management of the Company is the executive unit of daily operation, which is accountable to the Board, and exercises its power according to the Rules Governing the Works and Meetings of the General Manager with its duties including managing the Company's production and operation, organizing the implementation of the resolutions of the Board, formulating annual production and operation plan and annual financial budget, formulating basic management system and basic rules and regulations of the Company.

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



5. Corporate Governance and Corporate Governance Report

With respect to corporate governance, based on the above-mentioned hierarchy of authority, the Company has fully applied the principles set out in the Corporate Governance Code (the “Corporate Governance Code”) in Appendix 14 to the HKSE Listing Rules, and there are no material difference from the laws, administrative regulations and regulatory documents issued by the CSRC in relation to corporate governance of listed companies. During the Reporting Period, the Company has complied with all the code provisions (the “Code Provision(s)”) as set out in Part 2 of the Corporate Governance Code.

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

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

(3) PROCEEDINGS OF THE GENERAL MEETING AND SUPERVISORY COMMITTEE

On 31 May 2022, the 2021 annual general meeting of the Company was held in the conference room of the Company. Except for Mr. Leung Tat Kwong Simon, then independent non-executive Director, who was unable to attend due to the impact of restrictions on international flight, all the other Directors attended the meeting in person. On 13 July 2022, the first extraordinary general meeting of the Company in 2022 was held in the conference room of the Company. Except for Ms. Ho Shuk Yee, Samantha, an independent non-executive Director, who was unable to attend due to the impact of restrictions on international flight, all the other Directors attended the meeting in person. For voting results of the resolutions passed at the above two general meetings, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 31 May 2022 and 13 July 2022 respectively and on the website of the SSE on 1 June 2022 and 14 July 2022 respectively.



5. Corporate Governance and Corporate Governance Report

The Supervisory Committee exercises supervision over the performance of duties of the Directors and senior management of the Company and the legal compliance regarding the Company's operation, and it has no objection to the matters subject to its supervision during the Reporting Period.

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

Current Directors and Supervisors

Name	Position	Gender	Age	Tenure
Yang Jun	Chairman and Executive Director	Male	54	13 July 2022-30 May 2025
Wang Jianchao	Deputy Chairman and Executive Director	Male	59	21 August 2015-30 May 2025
Qu Wenzhou	Independent non-executive Director	Male	51	31 May 2022-30 May 2025
Ho Shuk Yee, Samantha	Independent non-executive Director	Female	59	31 May 2022-30 May 2025
Zhang Yunyan	Independent non-executive Director	Female	48	30 May 2019-30 May 2025
Li Qunfeng	Executive Director	Male	52	30 May 2019-30 May 2025
Zhou Xiaochuan	Executive Director	Male	53	8 November 2021-30 May 2025
Wu Tiejun	Executive Director	Male	43	31 May 2022-30 May 2025
Wu Xiaoming	Chairman of the Supervisory Committee	Male	60	10 October 2017-30 May 2025
Chen Yongbo	Supervisor	Male	58	31 May 2022-30 May 2025
Liu Tiantian	Staff Representative Supervisor	Male	57	30 May 2019-30 May 2025

5. Corporate Governance and Corporate Governance Report

Current Senior Management

Name	Position	Gender	Age	Tenure
Li Qunfeng	General manager	Male	52	22 September 2021-31 December 2024
Zhou Xiaochuan	Secretary to the Board (Company secretary)	Male	53	17 September 2021-31 December 2024
Wu Tiejun ^{note 1}	Deputy general manager	Male	43	24 October 2022-31 December 2024
Yu Shui ^{note 1}	Deputy general manager	Male	47	24 October 2022-31 December 2024
Pan Zhonghong	Assistant to general manager	Male	49	1 April 2022-31 December 2024
Chiu Pak Yue, Leo ^{note 2}	Company secretary (Hong Kong)	Male	60	Appointed on 29 August 2000

Notes: 1. Mr. Wu Tiejun and Mr. Yu Shui were appointed as the assistant to general manager of the Company on 27 October 2017 and promoted to the deputy general manager of the Company on 24 October 2022.

2. During the Reporting Period, in order to promote the establishment of market-oriented operation mechanism and effectively boost corporate's vitality, the Board of the Company and each of the senior management members have signed the "Management Employment Agreement" and the "Responsibility Letter of Operational Results during the Tenure of the Management-level Members". According to the "Responsibility Letter of Operational Results during the Tenure of the Management-level Members", the term of office of the Company's current senior management members will expire on 31 December 2024. The commencement date of the tenure of the senior management in the above table is the date of their initial appointment. Mr. Chiu Pak Yue, Leo was appointed by the Board as the company secretary in accordance with relevant requirements the HKSE Listing Rules, and has not signed the "Responsibility Letter of Operational Results during the Tenure of the Management-level Members" with the Company and is not subject to the Company's implementation plan for the tenure system and contract management.

5. Corporate Governance and Corporate Governance Report

Directors, Supervisors and senior management resigned during the Reporting Period

Name	Position	Gender	Age	Date of Resignation
Wang Cheng	Chairman and Executive Director	Male	58	17 May 2022
Leung Tat Kwong Simon	Independent non-executive Director	Male	63	31 May 2022
Zhang Xiaorong	Independent non-executive Director	Male	55	31 May 2022
Wu Bin	Executive Director	Male	58	31 May 2022
Wang Pengfei	Supervisor	Male	61	31 May 2022
Li Xiaobo	Deputy general manager	Male	53	14 October 2022
Ke Qiubi	Deputy general manager	Male	60	1 April 2022
Li Leyi	Chief engineer of technical art	Male	61	1 April 2022

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

Name	Position	Number of shares	Number of	Number of shares
		held as at 31 December 2021 (share)	shares acquired/ sold during the Reporting Period (share)	held as at 31 December 2022 (share)
Li Xiaobo ^{note 1}	Deputy general manager	193,000 (A shares)	-	193,000 (A shares)
Ke Qiubi ^{note 2}	Deputy general manager	210,445 (A shares)	-40,000	170,445 (A shares)
Liu Tiantian	Staff representative Supervisor	63,500 (H shares)	-	63,500 (H shares)

- Notes:
- Mr. Li Xiaobo resigned as the deputy general manager of the Company on 14 October 2022.
 - Mr. Ke Qiubi resigned as the deputy general manager of the Company on 1 April 2022. During the Reporting Period, he reduced his shareholding in the Company after six months upon his resignation.

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

5. Corporate Governance and Corporate Governance Report

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

Name	Positions held in Conch Holdings	Tenure
Yang Jun	Chairman	From May 2022 to present
Wang Jianchao	Director and deputy general manager	From May 2013 to present
Li Qunfeng	Deputy director of technology center	From May 2016 to present
Wu Xiaoming	Secretary of the disciplinary committee	From February 2017 to present
Zhou Xiaochuan	Deputy chief economist	From June 2017 to present
Chen Yongbo	Assistant to general manager	From November 2021 to present

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

Name	Positions held in other entities
Yang Jun	Chairman of Santan (Anhui) Institute of Science and Technology Co., Ltd.
Li Qunfeng	① Chairman of Conch Environment Protection ② Director of Wuhu Conch Trading Co., Ltd. ③ Director of CNBM Anhui Management Co., Ltd.
Zhou Xiaochuan	Director of Anhui Conch Capital Management Co., Ltd.
Wu Tiejun	① Director of Conch Design Institute ② Director of Conch Investment Company
Wu Xiaoming	Chairman of the supervisory committee of Conch New Material
Chen Yongbo	Chairman of China Carbon (Anhui) Environmental Technology Co., Ltd.
Yu Shui	Chairman of Wuhu Conch Trading Co., Ltd.



5. Corporate Governance and Corporate Governance Report

BIOGRAPHY OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yang Jun, Chairman and an executive Director of the Company, a senior economist. Mr. Yang obtained a master's degree in business administration from the University of Science and Technology of China and joined the Group in 2022. Prior to that, Mr. Yang joined Tongling Nonferrous Metals Company in 1992 and had held various positions such as general manager, party secretary and chairman of Tongling Nonferrous Metals Group Co., Ltd. ("Tongling Nonferrous", a company listed on the SZSE, stock code: 000630), as well as party deputy secretary, party secretary, general manager, director and chairman of Tongling Nonferrous Metals Group Holdings Co., Ltd. (a controlling shareholder of Tongling Nonferrous). Mr. Yang has extensive experience in corporate management. Mr. Yang is also a representative of the 14th National People's Congress of Anhui Province.

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

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

Mr. Zhou Xiaochuan, an executive Director of the Company, the secretary to the Board and a senior economist. Mr. Zhou graduated from Anqing Normal University and joined Ningguo Cement Factory of the Group in 1994 and has served as an assistant to the director of the second-line construction department of Tongling Conch. He has also been the securities affairs representative, secretary to the board, deputy general manager, director, and party deputy secretary of Conch New Material. He possesses extensive experience in corporate governance and capital markets.



5. Corporate Governance and Corporate Governance Report

Mr. Wu Tiejun, an executive Director and deputy general manager of the Company and an engineer. Mr. Wu graduated from Wuhan University of Technology and joined the Group in 2001. He has held various positions such as assistant to general manager, deputy general manager, executive deputy general manager and general manager of Chizhou Conch, general manager of Prosperity Conch, and officer-in-charge of Regional Committee in Guangdong and assistant to general manager of the Company. He is well experienced in production and operation management.

Independent non-executive Directors

Mr. Qu Wenzhou, an independent non-executive Director of the Company. Mr. Qu graduated from Xiamen University with a major in finance and received a doctoral degree in economics. He is currently the dean of the Jinyuan Research Institute for Financial Studies of Xiamen University, supervisor at the China Capital Market Research Center of Xiamen University, supervisor at the MBA Education Center under the School of Management of Xiamen University, and a professor at the Finance Faculty of the School of Management of Xiamen University. Mr. Qu obtained the qualification as a non-practicing member of Chinese certified public accountants from The Chinese Institute of Certified Public Accountants in June 2002. He has been a chartered financial analyst authorized by the Chartered Financial Analyst Institute since November 2004. He possesses extensive experience in the fields of finance, economics, financial management, capital market, etc. Mr. Qu has held positions such as an associate professor and deputy general manager at the MBA Education Center under the School of Management of Xiamen University, the deputy general manager of the Finance Faculty of the School of Management of Xiamen University and the deputy dean of the Institute for Financial and Accounting Studies at Xiamen University. He had served as an independent director of each of Guangdong Baolihua New Energy Stock Co., Ltd. (a company listed on the SZSE, stock code: 000690), Datang Group Holdings Limited (a company listed on the Stock Exchange, stock code: 2117) and Ronshine China Holdings Limited (a company listed on the Stock Exchange, stock code: 3301), respectively. Mr. Qu is currently also an independent director of each of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (a company listed on the SZSE, stock code: 001979) and Fuyao Glass Industry Group Co., Ltd. (a company listed on the SSE, stock code: 600660, and also listed on the Stock Exchange, stock code: 3606), respectively.



5. Corporate Governance and Corporate Governance Report

Ms. Ho Shuk Yee, Samantha, an independent non-executive Director of the Company. Ms. Ho obtained a Master of Business Administration degree from UCLA Anderson School of Management and a Bachelor of Arts degree from Bryn Mawr College in the United States. She is also a senior fellow of Hong Kong Securities and Investment Institute. Ms. Ho has over 25 years of experience in the finance industry, specializing in investment management. She has served as a director of the board of Hong Kong Securities and Investment Institute and acted as an investment director at Invesco Hong Kong Limited. She was also a licensed representative for Manulife Asset Management (Hong Kong) Limited, and had served at Jardine Fleming Securities Limited and SEB Investment Management. She is a chartered financial analyst accredited by The Institute of Chartered Financial Analysts. Ms. Ho is currently a chief investment officer and a member of the investment committee of Altus Holdings Limited (a company listed on the Stock Exchange, stock code: 8149).

Ms. Zhang Yunyan, an independent non-executive Director of the Company. Ms. Zhang is a Sinovation Fellow at Yale University. She obtained the Master of Laws (LLM) from William & Mary School of Law and an Executive Master of Business Administration degree from the University of Science and Technology of China. Ms. Zhang currently serves as a senior partner and managing partner of Jincheng Tongda & Neal Law Firm (Shanghai). Ms. Zhang has extensive experience in legal services in the areas of securities and capital market, merger, acquisition and restructuring. She was awarded “ALB China Top 15 Female Lawyers for 2020” by ALB, “2020, 2021, 2022 The A-List Lawyers” by China Business Law Journal, “The Legal 500 2021 Recommended Lawyer for Dispute Resolution in Asia Pacific”, 2021 Legal Award-Best Corporate Lawyer by APAC Insider, 2021 Service Gold Award for the Global Alliance of SMEs, “Excellent Foreign Lawyer Recommended in the 45th Anniversary of China’s Reform and Opening-up” and “2022 Blockchain and Metaverse Rule of Law Award for Excellent Service” of the Third Blockchain Rule of Law Summit Forum. Ms. Zhang currently is also an independent director of each of Anhui Wenergy Company Limited (a company listed on the SZSE, stock code: 000543) and Jiangxi Changyun Co., Ltd. (a company listed on the SSE, stock code: 600561).

Supervisors

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



5. Corporate Governance and Corporate Governance Report

Mr. Chen Yongbo, a Supervisor of the Company and a professor level senior engineer. Mr. Chen graduated from Changchun Building Materials Industrial School and joined the Group in 1995. He had served as plant director of the production sub-plant and officer-in-charge of the production quality department of Tongling Conch, general manager of Zongyang Conch, general manager of Huaining Conch, general manager of Baoshan Conch, officer-in-charge of the Regional Committee in Shaanxi and Gansu, officer-in-charge of the Regional Committee in northern Anhui, and officer-in-charge of the Regional Committee in Yunnan and assistant to general manager of the Company. Mr. Chen possesses extensive experience in production and operation management.

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

Senior Management

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

Mr. Pan Zhonghong, assistant to general manager of the Company and an engineer. Mr. Pan graduated from Wuhan University of Technology. He joined the Group in 1995, and held various positions such as assistant to the general manager of China Cement Plant, assistant to the general manager of Digang Conch, deputy general manager of Quanjiao Conch, deputy officer-in-charge of the Regional Committee in Guizhou, executive deputy officer-in-charge of the Regional Committee in Guangdong and the general manager of Prosperity Conch. Mr. Pan has extensive experience in cement manufacturing technology.



5. Corporate Governance and Corporate Governance Report

Secretaries to the Board (Company Secretaries)

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

Mr. Chiu Pak Yue, Leo, the company secretary (Hong Kong) of the Company, is a Hong Kong practicing solicitor. He graduated from The University of Hong Kong. He is a partner of Chiu & Partners, Solicitors. Mr. Chiu has handled a variety of Hong Kong and cross-border financial and commercial legal matters, including listing, merger and acquisition, privatization and corporate restructuring.

Penalties by securities regulatory authorities in the past three years:

None of the current and resigned Directors, Supervisors and senior management of the Company during the Reporting Period was subject to penalties by securities regulatory authorities in the past three years.

(5) APPOINTMENT OR CESSATION IN OFFICE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD

On 1 April 2022, owing to work adjustment, Mr. Ke Qiubi applied for the resignation as a deputy general manager of the Company and Mr. Li Leyi applied for the resignation as a chief engineer of technical art of the Company. After careful consideration, the Board approved the resignation applications of the two aforesaid senior management members and expressed its sincere gratitude to them for their contribution to the operation and development of the Company during their tenure. On the same day, pursuant to the recommendation of the Remuneration and Nomination Committee of the Board of the Company, the Board agreed to appoint Mr. Pan Zhonghong as an assistant to the general manager of the Company.

On 17 May 2022, the Board received a written resignation report from Mr. Wang Cheng, applying for resignation from his roles as the chairman and an executive Director of the Company due to his pursuit of other work commitments, his resignation took effect on the same day.



5. Corporate Governance and Corporate Governance Report

The terms of office of the Directors of the eighth session of the Board and the Supervisors of the eighth session of the Supervisory Committee of the Company expired during the Reporting Period. Upon the approval at the 2021 annual general meeting of the Company held on 31 May 2022, Mr. Wang Jianchao, Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun were appointed as executive Directors of the ninth session of the Board of the Company; Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan were appointed as independent non-executive Directors of the ninth session of the Board of the Company; Mr. Wu Xiaoming and Mr. Chen Yongbo were appointed as Supervisors of the ninth session of the Supervisory Committee of the Company; and Mr. Liu Tiantian was appointed as the staff representative Supervisor of the ninth session of the Supervisory Committee of the Company at the staff representative meeting of the Company. The terms of office of the afore-mentioned persons commenced from the date of election at the 2021 annual general meeting, and the term of office of Mr. Liu Tiantian commenced from the date of election at the staff representative meeting, all for a term of three years.

On 31 May 2022, the first meeting of the ninth session of the Supervisory Committee of the Company was held, and Mr. Wu Xiaoming was unanimously elected as the chairman of the ninth session of the Supervisory Committee of the Company.

On 31 May 2022, owing to the expiry of his term of office, Mr. Wu Bin ceased to act as an executive Director of the Company, each of Mr. Leung Tat Kwong Simon and Mr. Zhang Xiaorong ceased to act as an independent non-executive Director and member of the relevant committees of the Board, and Mr. Wang Pengfei ceased to act as a Supervisor of the Company. The Board would like to extend its heartfelt gratitude to the above retired Directors and Supervisors for their positive contribution to the operation and development of the Company during their tenures of services.

On 27 May 2022, pursuant to the recommendation of the Remuneration and Nomination Committee of the Company, the Board nominated Mr. Yang Jun as a candidate for executive Director of the ninth session of the Board. Upon approval at the first extraordinary general meeting of the Company in 2022 held on 13 July 2022, Mr. Yang Jun was appointed as an executive Director of the ninth session of the Board of the Company. On the same day, the second meeting of the ninth session of the Board was held, and all Directors unanimously elected Mr. Yang Jun as the chairman of the ninth session of the Board and Mr. Wang Jianchao as the deputy chairman at the meeting.



5. Corporate Governance and Corporate Governance Report

On 14 October 2022, the Board received a written resignation report from Mr. Li Xiaobo, applying for resignation from his role as the deputy general manager of the Company due to work adjustment, his resignation took effect on the same day. The Board would like to extend its heartfelt gratitude to Mr. Li Xiaobo for his positive contribution to the operation and development of the Company during his tenure.

On 24 October 2022, upon consideration and approval by the Board, Mr. Wu Tiejun and Mr. Yu Shui were both promoted to deputy general managers from assistants to the general manager. Their appointments took effect on the same day.

Save for the aforesaid, during the Reporting Period, there was no other change of the Directors, Supervisors and senior management members of the Company nor their respective information which is required to be disclosed under Rule 13.51B(1) of the HKSE Listing Rules.

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

The Company has entered into a service contract with each of the Directors, Supervisors and senior management members. For details of the terms of the service contracts, please refer to the above section headed “(4) Basic Information of Directors, Supervisors and Senior Management of the Company”.

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

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

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

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

5. Corporate Governance and Corporate Governance Report

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

As at the end of the Reporting Period, the interests or short positions held by the Directors, Supervisors, chief executive of the Company and their close associates (as defined in the HKSE Listing Rules) in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the 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 were as follows:

Name	Position	Name of the Company/ associated corporations	Nature of interest	Number of shares held (share)	Percentage of the relevant class of shares
Liu Tiantian	Staff representative	Conch Cement	Beneficial owner	63,500 (H shares)	0.00%
	Supervisor	Conch Environment Protection	Beneficial owner	3,642,939	0.20%
Li Qunfeng	Executive Director and general manager	Conch	Beneficial owner	2,050,000	0.11%
		Environment Protection	Interest held jointly with other person ^{note}	478,352,979	26.19%
Zhou Xiaochuan	Executive Director and secretary to the Board (company secretary)	Conch	Beneficial owner	783,000	0.04%
		Environment	Interest of spouse	573,142	0.03%
		Protection	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 undertakings 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.



5. Corporate Governance and Corporate Governance Report

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.

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

1. Decision-making process and basis for determining remuneration

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

5. Corporate Governance and Corporate Governance Report

2. Annual Remuneration received by Directors, Supervisors and senior management from the Company

Annual remuneration of current Directors, Supervisors and senior management

(Unit: RMB)

Name	Position	Remuneration/allowance before-tax
Yang Jun	Chairman and executive Director	–
Wang Jianchao	Deputy Chairman and executive Director	–
Li Qunfeng	Executive Director and general manager	2,219,092
Zhou Xiaochuan	Executive Director and secretary to the Board	1,847,645
Wu Tiejun	Executive Director and deputy general manager	1,441,817
Qu Wenzhou	Independent non-executive Director	180,000
Ho Shuk Yee, Samantha	Independent non-executive Director	180,000
Zhang Yunyan	Independent non-executive Director	180,000
Wu Xiaoming	Chairman of the Supervisory Committee	–
Chen Yongbo	Supervisor	–
Liu Tiantian	Staff representative Supervisor	1,609,230
Yu Shui	Deputy general manager	1,533,946
Pan Zhonghong	Assistant to general manager	1,488,026
Total		10,679,756

5. Corporate Governance and Corporate Governance Report

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

(Unit: RMB)

Name	Position	Remuneration/allowance before-tax
Wang Cheng	Chairman and Executive Director	–
Wu Bin	Executive Director	–
Leung Tat Kwong Simon	Independent non-executive Director	–
Zhang Xiaorong	Independent non-executive Director	–
Wang Pengfei	Supervisor	–
Ke Qiubi	Deputy general manager	220,635
Li Leyi	Chief engineer of technical art	227,354
Li Xiaobo	Deputy general manager	1,385,861
Total		1,833,850

- Notes:
- The above-mentioned annual remunerations included basic salary, bonus, housing provident fund, enterprise annuities, and various insurances paid by the individual and the Company.
 - During the Reporting Period, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan did not receive any remuneration from the Company and will not request the Company for payment of remuneration for the Reporting Period. The amounts listed in the above table are allowances paid by the Company to them.
 - During the Reporting Period, Mr. Yang Jun, Mr. Wang Jianchao, Mr. Wu Xiaoming and Mr. Chen Yongbo, Mr. Wu Bin and Mr. Wang Pengfei did not receive any remuneration from the Company and their remuneration was paid by Conch Holdings, the controlling shareholder cum a related party of the Company. During the Reporting Period, Mr. Wang Cheng did not receive any remuneration from the Company.
 - During the Reporting Period, Mr. Leung Tat Kwong Simon and Mr. Zhang Xiaorong did not receive any remuneration and allowances from the Company.
 - The remuneration of Mr. Ke Qiubi listed in the above table is the amount received from the Company for the period from January to March 2022. The remuneration of Mr. Li Leyi is the amount received from the Company for the period from January to March 2022. The remuneration of Mr. Li Xiaobo is the amount received from the Company for the period from January to October 2022 and his remuneration for the period from November to December 2022 was paid by Conch Environment Protection.



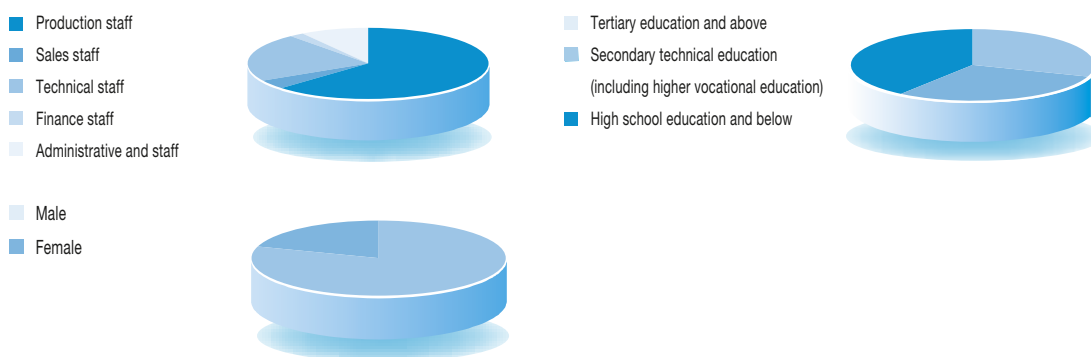
5. Corporate Governance and Corporate Governance Report

(9) HIGHEST PAID INDIVIDUALS

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

(10) EMPLOYEES

As at 31 December 2022, the Group had 52,312 employees, of which 32,956 were production staff, 2,151 were sales staff, 11,419 were technical staff, 995 were finance staff, 4,791 were administrative staff. 19,349 of them received tertiary education and above, 14,129 had received secondary technical education (including higher vocational education), and 18,834 received high school education and below. Male employees accounted for approximately 85% and female employees accounted for approximately 15%. The professional composition, education level and gender ratio of the employees are shown in the following charts:



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



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, based on the three-tier training management systems at its head office, regional entities and subsidiaries, the Group continued to innovate training methods, comprehensively organised and provided multi-level and diversified training programmes, with an aim to enhance the management capability of the management personnel and strengthen the professional skills of the staff. The headquarter of the Group introduced external university and enterprise training resources in order to conduct professional knowledge training for the cadres and employees, thus effectively improving the cadres' comprehensive ability in operation and management and continuously improving the establishment of youth talent team. Efforts were made by each regional branch to explore the idea of construction of regional training center to centralize regional high-quality resources and conduct centralized training for different professional management personnel within the region, thereby establishing a more mature and complete training system. In light of the actual training needs, the Group's subsidiaries also provided daily training for staff by different specialties and departments, so as to secure adequate reserve of human resources for stable production and effective management control. With regard to the cultivation of the newly recruited talent, the Group comprehensively promoted the pre-job training mechanism for graduates from universities and colleges, and the head office and subsidiaries in various regions respectively organized the "Conch Cement Talent Fostering Plan (海英計劃)" and "Conch Cement Star Plan (海星計劃)" as pre-job training classes for graduates from universities and colleges, which assist the trainees to adapt to their new roles quickly, enhance their sense of recognition and sense of belonging towards the Company.

During the Reporting Period, the Company was not liable for the payment of fee of the resigned and retired employees.

The Group values gender diversity across the workforce. As the Group belongs to the manufacturing industry, it has attracted a higher proportion of male employees. Despite this, the Group adheres to the principle of equal employment, respects and treats employees of different genders fairly, and provides equal opportunities for all employees in terms of recruitment, training and development, job promotion and salary and benefits.



5. Corporate Governance and Corporate Governance Report

(11) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not implement any share incentive scheme or share option scheme under Chapter 17 of the HKSE Listing Rules.

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

The Company has implemented the tenure system and contract management of senior management since 2022. In accordance with the Company's development strategy plan and annual operation and management objectives, the Company has signed an Annual/Tenure Business Performance Responsibility Letter and engagement agreement for the position with them based on the responsibilities and division of labour of senior management. The Group issued key performance indicators for the year/tenure including profit, cost, output, sales, environmental protection, and safety production and major tasks. Upon the expiration of the assessment period, an assessment and evaluation working group will be established to assess the fulfillment of the objectives and tasks in strict accordance with the contract, in order to reach the assessment results in a comprehensive, objective and fair manner and award annual performance remuneration and tenure incentive remuneration based on the assessment results.

(13) PENSION INSURANCE

Details of the pension insurance are set out in note 7(b) to the financial statements prepared in accordance with the IFRSs. Contributions to pension insurance recorded in the income statement of the Group for the year ended 31 December 2022 amounted to RMB746.09 million.

(14) STAFF HOUSING

Pursuant to the relevant requirements of the PRC government, contributions based on a certain percentage of the employees' salaries shall be made by the Group to the housing provident fund. Save for the above, the Group has no other liabilities. For the year ended 31 December 2022, the total housing provident fund paid by the Group amounted to approximately RMB565.45 million.



5. Corporate Governance and Corporate Governance Report

(15) CORPORATE GOVERNANCE

1. Corporate Governance Code and Corporate Governance Report

During the Reporting Period, the Company complied with all the Code Provisions as set out in Part 2 of the Corporate Governance Code.

2. Securities Transactions by Directors

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

3. The Board

As at 31 December 2022, composition of the Board of the Company is as follows:

Name	Position
Yang Jun	Chairman and Executive Director
Wang Jianchao	Deputy Chairman and Executive Director
Li Qunfeng	Executive Director
Zhou Xiaochuan	Executive Director
Wu Tiejun	Executive Director
Qu Wenzhou	Independent Non-executive Director
Ho Shuk Yee, Samantha	Independent Non-executive Director
Zhang Yunyan	Independent Non-executive Director

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



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, four physical meetings and twelve telecommunication meetings of the Board of the Company were held, and resolutions were voted and passed by means of written resolutions for relevant matters, with a total of 123 resolutions passed. Details of each Board meeting convened is set out as follows:

- (1) On 25 March 2022, the tenth meeting of the eighth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong, being the then independent non-executive Directors, attended the meeting by means of telecommunication). A total of 14 resolutions including the general manager's report of the Company for year 2021 and the business plan and target for year 2022, the financial reports for year 2021 prepared in accordance with the IFRSs and the PRC Accounting Standards respectively, the annual report for year 2021 and its summary and results announcement, the internal control assessment report for year 2021 and social responsibility report for year 2021 were considered and approved at the meeting (for details, please refer to the announcements published on the websites of the Stock Exchange and the Company on 25 March 2022 and on the website of the SSE on 26 March 2022 respectively).
- (2) On 1 April 2022, the eleventh meeting of the eighth session of the Board was held by the Board of the Company by the means of telecommunication and all Directors attended the meeting. ①The resolution regarding the nomination of the candidates of Directors of the ninth session of the Board; ②the resolution regarding the adjustments of the Company's senior management members; and ③the resolution regarding the audit fees of the Company for 2022 were considered and approved at the meeting.
- (3) On 28 April 2022, the Board meeting of the Company was held by means of telecommunication and all Directors were present at the meeting. The first quarterly report of 2022 of the Company was considered and approved at the meeting.
- (4) On 17 May 2022, the twelfth meeting of the eighth session of the Board was held by the Board of the Company by means of telecommunication and all Directors attended the meeting. ①Withdrawal of a resolution regarding the election of Director to be proposed to the general meeting for consideration as set out in the notice of the 2021 annual general meeting; and ②the resolution regarding the temporary assumption of relevant duties of the Chairman by the Deputy Chairman of the Board were considered and approved at the meeting.



5. Corporate Governance and Corporate Governance Report

- (5) On 27 May 2022, the Board meeting of the Company was held by means of telecommunication and all Directors attended the meeting. The resolution regarding the nomination of Mr. Yang Jun as a candidate for executive Director of the ninth session of the Board was considered and approved at the meeting.
- (6) On 31 May 2022, the first meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, both being independent non-executive Directors, attended the meeting by means of telecommunication). ①The resolution regarding electing Mr. Wang Jianchao to assume the duties of the Chairman of the ninth session of the Board and other duties related to the role of the Chairman; and ②the resolution regarding the change of members of the Audit Committee and the Remuneration and Nomination Committee were considered and approved at the meeting.
- (7) On 13 July 2022, the second meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, both being independent non-executive Directors, attended the meeting by means of telecommunication). The Chairman and deputy chairman of the ninth session of the Board of the Company were elected as the meeting.
- (8) On 25 August 2022, the third meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, all being independent non-executive Directors, attended the meeting by means of telecommunication). ①The unaudited financial reports of the Company and its subsidiaries for the six months ended 30 June 2022, prepared in accordance with the PRC Accounting Standards and IFRSs respectively; ②the 2022 interim report of the Company and its summary and the interim results announcement; ③the Company's general manager's work report for the first half of 2022; and ④the continuing connected transactions in relation to the procurement of combustion accelerants between the Company and Conch Accelerants Manufacturing Company were considered and approved at the meeting.
- (9) On 27 October 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. The 2022 third quarterly report of the Company was considered and approved at the meeting.



5. Corporate Governance and Corporate Governance Report

- (10) On 11 November 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. The matters regarding the cooperative investment between Conch New Energy and China Coal Xinji Energy Co., Ltd. in wind power projects was considered and approved at the meeting.
- (11) On 17 November 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. ①Matters in relation to the acquisition of and capital increase in Linxia Tianxiang; ②matters in relation to the cooperative investment between Dazhou Conch and Dazhu Haozhu Urban Construction and Investment Co., Ltd.; ③matters in relation to investment in and construction of aggregates project by Linxiang Conch Cement Co., Ltd.; ④Management System on Disclosure of Information on Non-financial Corporate Debt Financing Instruments of Conch Cement; ⑤matters in relation to the financial write-off procedure of loss on certain scrapped and disposed fixed assets; ⑥matters in relation to the investment and construction of photovoltaic and energy storage projects by Linxia Conch; and ⑦connected transactions in relation to procurement of production equipment between the Company and Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. were considered and approved at the meeting.
- (12) On 1 December 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. Matters in relation to Conch New Energy's participation in the bidding and allocation of new energy project in Pingliang were considered and approved at the meeting.
- (13) On 5 December 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. ①Matters in relation to transfer of the land use right for solid waste project of Guangying Cement through public listing; ②matters in relation to acquisition of Shaocong Panshi Concrete Co., Ltd.; ③matters in relation to the participation of Guangying Cement in the bidding of 49% equity interest in Guangying Mining; ④matters in relation to investment in and construction of manufactured sand project by Dazhou Conch; and ⑤matters in relation to establishment of Xingye Conch New Material Co., Ltd. and investment in and construction of solvent aggregate project were considered and approved at the meeting.
- (14) On 7 December 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. Matters in relation to deregistration of Taicang Conch New Energy Co., Ltd. were considered and approved at the meeting.

5. Corporate Governance and Corporate Governance Report

- (15) On 16 December 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. Matters in relation to in establishment of Uzbekistan region were considered and approved at the meeting.
- (16) On 29 December 2022, a meeting of the Board of the Company was held by means of telecommunication and all Directors were present at the meeting. ①Continuing connected transactions between the Company and Conch Technology in relation to procurement of cement grinding aids; ②continuing connected transactions between the Company and Haihui Company in relation to the supply chain logistic transportation service; ③related party transactions between the subsidiary of the Company and Papua Cement in relation to procurement of cements and clinker; ④The Implementation Plan for Differentiated Management and Control Measures of Conch Environment Protection by Conch Cement; and ⑤matters in relation to capital increase in Haihui Company and related party transactions were considered and approved at the meeting.

During the Reporting Period, the attendance of each Director at the Board meetings, general meetings and meetings of the committees of the Board during his/her tenure are set out as follows:

Name	Board meetings	General meetings	Meetings of the Audit Committee	Meetings of the	Meetings of the
				Remuneration and Nomination Committee	ESG Management Committee
Number of meeting attended/Number of meeting entitled to attend					
Yang Jun	10/10	0/0	-	-	-
Wang Jianchao	16/16	2/2	-	-	-
Qu Wenzhou	11/11	1/1	1/1	0/0	-
Ho Shuk Yee, Samantha	11/11	0/1	1/1	0/0	-
Zhang Yunyan	16/16	2/2	4/4	2/2	-
Li Qunfeng	16/16	2/2	-	-	2/2
Zhou Xiaochuan	16/16	2/2	4/4	-	2/2
Wu Tiejun	11/11	1/1	-	-	2/2
Wang Cheng	3/3	0/0	-	-	-
Leung Tat Kwong Simon	5/5	0/1	3/3	2/2	-
Zhang Xiaorong	5/5	1/1	3/3	2/2	-
Wu Bin	5/5	1/1	-	-	-



5. Corporate Governance and Corporate Governance Report

- Notes:
1. During the Reporting Period, a new session of the Board of the Company was elected. Members of the eighth session of the Board were Mr. Wang Cheng, Mr. Wang Jianchao, Mr. Leung Tat Kwong Simon, Mr. Zhang Xiaorong, Ms. Zhang Yunyan, Mr. Wu Bin, Mr. Li Qunfeng and Mr. Zhou Xiaochuan, and members of the ninth session of the Board are Mr. Yang Jun, Mr. Wang Jianchao, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha, Ms. Zhang Yunyan, Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun. Among them, Mr. Wang Cheng has ceased to be the Chairman and an executive Director of the Company since 17 May 2022 and Mr. Yang Jun has been serving as the Chairman and an executive Director of the Company since 13 July 2022.
 2. Mr. Leung Tat Kwong Simon and Ms. Ho Shuk Yee, Samantha, have ordinary residence in Hong Kong. Due to the impact of restrictions on international flight during the Reporting Period, Mr. Leung Tat Kwong Simon was unable to attend the 2021 annual general meeting held on 31 May 2022, and Ms. Ho Shuk Yee, Samantha was unable to attend the 2022 first extraordinary general meeting held on 13 July 2022.
 3. Mr. Zhou Xiaochuan is the secretary of the Audit Committee.

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

4. Directors' Continuous Training and Development

Directors shall participate in continuous professional development to develop and update their knowledge and skills, to ensure that they continue to make contribution to the Board on a fully informed manner and according to the needs of the Company. The Directors are committed to complying with Code Provision C.1.4 in relation to directors' training.



5. Corporate Governance and Corporate Governance Report

The Company arranged proper continuous professional development training for the Directors by various means and channels, such as holding seminars, providing study materials, arranging the Directors to participate in seminars held by securities regulatory authorities, domestic and overseas stock exchanges, listed company associations and professional bodies, collecting and collating market regulatory development and information on a regular basis which were sent to all Directors for reference by way of e-mail or as a report, so as to ensure that they understand the business and operation of the Company, market environment, as well as their obligations and responsibilities under the HKSE Listing Rules, SSE Listing Rules, common laws and relevant regulatory requirements to fulfill their duties.

For the year ended 31 December 2022, all Directors had participated in continuous professional development training and complied with Code Provision C.1.4 in relation to Directors' training responsibility.

5. Chairman and Chief Executive Officer

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

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

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



5. Corporate Governance and Corporate Governance Report

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

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

The independent non-executive Directors of the Company play a significant role in the Board as they bring an impartial view on the Company’s strategies, performance and control, and ensure that the interests of all shareholders of the Company are considered. In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Company assesses the independent non-executive Directors’ independence annually. The Company has received confirmation letters for the year from independent non-executive Directors, namely, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan in respect of their independence pursuant to Rule 3.13 of the HKSE Listing Rules. The Company confirms their independence and is of the opinion that all independent non-executive Directors are independent.

During the Reporting Period, in accordance with the requirement of the Articles, the Work System for Independent Directors, the Terms of Reference of the Remuneration and Nomination Committee and the Terms of Reference of the Audit Committee, and upholding the principle of honesty and diligence, the independent non-executive Directors performed their duties to the best of their ability, attended board meetings held by the Company, convened professional committee meetings, listened to the report of the Company’s management on the Company’s production and operation conditions and major events in a timely manner, and held a telephone conference with the Chairman of the Company without the presence of other Directors to discuss relevant matters. They participated in various major decisions of the Company, put forward reasonable opinions and suggestions from their respective professional perspectives for the Company’s business development, and protected the interests of minority Shareholders in accordance with the law. The independent non-executive Directors reviewed the Company’s external guarantees and related-party (connected) transactions for the year ended 31 December 2022, and issued independent opinions on relevant matters.



5. Corporate Governance and Corporate Governance Report

7. Remuneration and Nomination Committee of the Board

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

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

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

- (a) the needs of the Board and the respective committees of the Board and the current size and composition of the Board;
- (b) the proposed candidate's character, experience and integrity;
- (c) accomplishment and reputation in the business and other relevant sectors relating to the Group's business or development;



5. Corporate Governance and Corporate Governance Report

- (d) commitment in respect of sufficient time and attention to the Company's business;
- (e) assess the candidates in accordance to the diversity policy of the Board;
- (f) the ability to assist and support management and make significant contributions to the Company's success;
- (g) the proposed candidate's understanding of the fiduciary duties that are required of a Director and the commitment of time and effort necessary to diligently carry out those responsibilities; and
- (h) any other factors as the Remuneration and Nomination Committee may deem fit to consider in the best interests of the Company and shareholders of the Company.

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

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

During the Reporting Period, the Company made corresponding adjustment to the composition of the Remuneration and Nomination Committee under the Board due to election of a new session of the Board. The Remuneration and Nomination Committee of the ninth session of the Board comprised three members, namely Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, all being independent non-executive Directors, with Ms. Ho Shuk Yee, Samantha acting as the chairman. Mr. Leung Tat Kwong Simon and Mr. Zhang Xiaorong have ceased to be members of the Remuneration and Nomination Committee.



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Remuneration and Nomination Committee of the Board held two meetings, all of the committee members attended each meeting. The first meeting was held on 25 March 2022, at which the committee considered and approved the following matters: (i) remuneration of the senior management of the Company for year 2021 and the remuneration appraisal targets of the senior management of the Company for year 2022; (ii) review and endorse the current structure, number and composition of the Board; and (iii) the Implementation Plan for the Tenure System and Contract Management of the Management Members of Conch Cement. The second meeting was held on 1 April 2022, at which the committee considered and approved the following matters: (i) the resolution regarding the nomination of the candidates of Directors of the ninth session of the Board; and (ii) the resolution regarding the change of the Company's senior management members. In addition, a written resolution regarding the nomination of Mr. Yang Jun as the candidate for executive Director of the ninth session of the Board of the Company was considered and approved on 26 May 2022, a written resolution regarding change of the secretary of the Remuneration and Nomination Committee was considered and approved on 17 October 2022, and a written resolution regarding the nomination of Mr. Yu Shui and Mr. Wu Tiejun as deputy general managers of the Company was considered and approved on 23 October 2022.

The Remuneration and Nomination Committee reviewed the remunerations of the Directors, Supervisors and senior management members of the Company as disclosed for year 2022 and considered that their respective remunerations were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

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



5. Corporate Governance and Corporate Governance Report

8. Audit Committee of the Board

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

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

During the Reporting Period, the Company made corresponding adjustment to the composition of the Audit Committee under the Board due to election of a new session of the Board. The Audit Committee of the ninth session of the Board comprised three members, namely Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, all being independent non-executive Directors, with Mr. Qu Wenzhou acting as the chairman. Mr. Leung Tat Kwong Simon and Mr. Zhang Xiaorong have ceased to be members of the Audit Committee.



5. Corporate Governance and Corporate Governance Report

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

- (1) On 12 January 2022, the Audit Committee held telephone conference to review the financial statements prepared by the Company internally for the year 2021 and the Company's management reported on the operation of the Company for year 2021 and the arrangement on the preparation of financial report and the main issues required special attention. KPMG, auditors of the Company, reported on the timetable and the main focus of their audit work for the year 2021. The Audit Committee agreed to allow the auditors to conduct field audit in the Company for the year 2021.
- (2) On 1 March 2022, the Audit Committee held a telephone conference, during which KPMG reported to the Audit Committee on the progress of the auditing work, and the committee considered that the auditors would be able to complete the audit within the scheduled time frame.
- (3) On 25 March 2022, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the annual financial report for the year ended 31 December 2021 prepared in accordance with the PRC Accounting Standards and IFRSs respectively, which were agreed to be submitted to the Board for approval; (ii) the annual report, its summary and result announcement for the year 2021, which were agreed to be submitted to the Board for approval; (iii) the assessment report on internal control for the year 2021, which was agreed to be submitted to the Board for approval; (iv) the report on the connected transactions which took place in 2021; (v) the resolution regarding the provision of guarantee by the Company to its subsidiaries and joint ventures, which was agreed to be submitted to the Board for approval; and (vi) the resolution regarding the recommendation to the Board to re-appoint KPMG Huazhen LLP (Special General Partnership) and KPMG as the PRC auditors and the international auditors of the Company, respectively, which was agreed to be submitted to the Board for approval.

On 25 March 2022, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2021 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2021, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP (Special General Partnership) and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP (Special General Partnership) as the internal control auditor of the Company.



5. Corporate Governance and Corporate Governance Report

- (4) On 25 August 2022, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the unaudited interim (half-yearly) financial report for the year 2022 prepared in accordance with the IFRSs and PRC Accounting Standards respectively, which were submitted to the Board for approval; and (ii) the interim report for the year 2022 and its summary and the interim results announcement, which were submitted to the Board for approval.

Since the commencement of the audit work in relation to the preparation of the financial report of the Company for the year ended 31 December 2022, the Audit Committee has been participating in the following aspects:

- (1) Prior to the commencement of audit work by the auditors, the Audit Committee reviewed the 2022 financial statements prepared by the Company internally and agreed to allow the auditors to conduct field audit. In the course of conducting audit of annual report, the Audit Committee requested KPMG to diligently complete the audit work on the financial statements according to the work plans.
- (2) After issuance of preliminary audit opinion by the auditors, the Audit Committee reviewed the 2022 financial statements again and considered that the auditors were able to complete the audit work conscientiously within schedule.
- (3) On 27 March 2023, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2022 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2022, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP (Special General Partnership) and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP (Special General Partnership) as the internal control auditor of the Company.



5. Corporate Governance and Corporate Governance Report

9. ESG Management Committee

In order to further enhance the Company's environmental, social and governance ("ESG") management standards, optimise ESG management system and improve ESG management capabilities, upon consideration and approval by the Board, the Company established the ESG Management Committee on 25 February 2022. The major duties of the ESG Management Committee include formulating the Company's ESG visions, objectives, strategies and structure, and reviewing the Company's ESG reports. The ESG Management Committee is a non-standing committee of the Board and is accountable to the Board. For details of the establishment of the ESG Management Committee, please refer to announcements published on the websites of the Stock Exchange and the Company on 25 February 2022 and on the website of the SSE on 26 February 2022 respectively.

In order to ensure relevant functions of the ESG Management Committee are effectively performed, the Company formulated the Terms of Reference for the ESG Management Committee, which has provided clearly for the composition, authority, functions, duties of the ESG work group, notice of the meetings and reporting procedures and meeting minutes of the committee.

During the Reporting Period, the ESG Management Committee comprised three members, namely Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun, all being executive Directors, with Li Qunfeng acting as the chairman.

During the Reporting Period, the ESG Management Committee held two meetings, all of the committee members attended both meetings. The first meeting was held on 24 March 2022, at which the committee considered and approved the 2021 Social Responsibility Report and Environmental, Social and Governance Report of the Company. The second meeting was held on 7 December 2022, at which the committee considered and approved: (i) working plan of the ESG working group on the preparation of the 2022 ESG report; (ii) Implementation Plan of the ESG Management for 2023 of Conch Cement; and (iii) the appointment of Mr. Wang Manbo as the secretary of the ESG Management Committee.



5. Corporate Governance and Corporate Governance Report

10. Auditors' Remuneration

Please refer to “(5) Auditors and remuneration” in chapter 7 “Significant Events” in this report for the remuneration of auditors appointed by the Company in 2022.

11. Directors' Responsibility for the Financial Statements

The financial report and results announcement of the Company for year 2022 have been reviewed by the Audit Committee. All the Directors of the Company 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 under applicable statutory and regulatory requirements which give a true and fair view of the financial status, the results of operations and cash flows of the Group 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. The Directors are not aware of any uncertain events or circumstances which may materially affect the Company's ability to continue as a going concern.

12. Internal Control and Risk Management

The Company has an internal audit function. The assessment report on internal control for 2022 of the Company has been considered and approved by the Board, and was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year.

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



5. Corporate Governance and Corporate Governance Report

The Audit Committee reviewed the risk management, internal control system, internal audit function and the effectiveness of these systems and function of the Company for 2021 and 2022 on 25 March 2022 and 27 March 2023 respectively, in accordance with the relevant regulations under the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the HKSE Listing Rules as well as the Terms of Reference of the Audit Committee of the Company. The scope of review covered all material controls, financial, operational and compliance controls as well as the adequacy of resources, the qualifications and experience of the employees responsible for accounting, compliance, risk management, internal audit and financial reporting functions and their training programmes and budget. The Audit Committee also analysed and discussed with the management of the Company regarding the risk management and internal control systems, so as to keep the operation and development risk of the Company at a controllable level. The Board acknowledges its responsibility for risk management and internal control systems. The Company, the Board and the Audit Committee are of the opinion that the internal control system and risk management system of the Group are adequate and effective.

KPMG Huazhen LLP (Special General Partnership) was engaged by the Company to review the effectiveness of the internal control on financial reporting of the Group as at 31 December 2022, and has issued a standard unqualified audit report on internal control. The audit report on internal control was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year. The Company has set up the audit inspecting department which takes up the daily responsibility of internal risk control.

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



5. Corporate Governance and Corporate Governance Report

13. Shareholders' Rights

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

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

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

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



5. Corporate Governance and Corporate Governance Report

14. Company Secretaries

Mr. Zhou Xiaochuan and Mr. Chiu Pak Yue, Leo jointly served as the company secretaries of the Company. For further details, please refer to the above section headed “(4) Basic Information of Directors, Supervisors and Senior Management of the Company” of this chapter in this report. Mr. Chiu Pak Yue, Leo is the external secretary of the Company and his main contact person of the Company is Mr. Zhou Xiaochuan, the executive Director and company secretary. During the Reporting Period, the above company secretaries have taken no less than 15 hours of relevant professional training.

15. Investor Relations and Communication with Shareholders

The Company has adopted a shareholder communication policy. During the Reporting Period, the Company put great effort in investor relations management work, and in order to obtain and understand the views of shareholders and stakeholders of the Company, the Company proactively communicates with the investors by various means such as convening general meetings, results presentation, on-site visit for investors and teleconference, so as to ensure that the shareholders and investors of the Company will enjoy equal access rights to information of the Company. In addition, the Company’s website contains corporate information, annual reports, interim reports, quarterly reports and relevant ad hoc announcements and circulars issued by the Company, through which the Company’s shareholders and investors may obtain the latest information of the Company. The Company has reviewed the implementation and effectiveness of the above shareholder communication policy during the Reporting Period, and considered that the shareholder communication policy has been effectively implemented during the Reporting Period. The Company will continue to maintain communication with shareholders and investors, and review the shareholder communication policy on a regular basis to ensure its effectiveness.



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, in order to comply with the provisions under the Guidelines on the Articles of Association of Listed Companies (2022 Revision) (CSRC Announcement [2022] No. 2) and the Rules for Shareholders' Meetings of Listed Companies (2022 Revision) (CSRC Announcement [2022] No. 13) issued by the CSRC, and the Securities Law of the PRC and requirements as set out in Appendix 3 to the HKSE Listing Rules, the Company made amendments to relevant provisions in the Articles and the Rules of Procedures for Shareholders' Meeting based on the actual situation and needs of the Company's communication with shareholders for better reflecting the shareholders' rights and obligations. The amendment was considered and approved at the 2021 annual general meeting held on 31 May 2022. For details, please refer to the announcements and/or circulars published by the Company on the websites of the Stock Exchange and the Company on 25 March 2022, 21 April 2022 and 31 May 2022 and on the website of the SSE on 26 March 2022, 22 April 2022 and 1 June 2022 respectively.

16. The Management of and Control over the Subsidiaries during the Reporting Period

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



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Group acquired project companies including Chongqing Duoji, Shanghai Zhizhi, Jinggong Testing, Changde Dingxing, Changsha Yongyun Building Materials, Hongji Cement, Guixi Yinggui, Linxia Tianxiang, etc. (for details, please refer to chapter 4 “Report of the Directors - (I) 2. Acquisition of project companies during the Reporting Period” of this report). During the Reporting Period, handover of relevant assets has been completed and merged into the Group. The employees of these companies have realized smooth transition and signed a service contract with the Group and were incorporated into the Group’s personnel management system. The financial management of these companies has been incorporated into the Group’s financial accounting system, thus realizing unified accounting system and consolidated financial statement. Various operations have steadily been imported into the business model and management system of Conch to realize smooth and orderly connection.

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

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

During the Reporting Period, in respect of the problem that the provisions on the subject of solicitation of voting rights in the Articles and the Rules of Procedures of General Meeting have not been amended or updated in accordance with the Securities Law of the PRC (2019 Revision), the Company has revised the expression concerning the subject of soliciting voting rights in the Articles of the Company and the Rules of Procedures of General Meeting in accordance with the higher-level laws. The resolutions to amend the Articles of the Company and the Rules of Procedures of General Meeting were considered and approved by the 2021 annual general meeting of the Company on 31 May 2022.

As at the end of the Reporting Period, all issues identified in the Company’s self-inspection check have been rectified.

6. Environment and Social Responsibility

(1) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

1. Discharge information of key pollutant discharge units

As at the end of the Reporting Period, 88 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies and the discharge status are set out in the below table:

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
1	Ningguo Cement Plant	Sulfur dioxide	Organised	3	Kiln tail	10.19	DB34/3576-2020	81.82	467.99	No
		Nitrogen oxides	Organised	3	Kiln tail	43.44	DB34/3576-2020	348.69	975.07	No
		Particulate matter	Organised	6	Kiln head and tail	5.10	DB34/3576-2020	70.02		No
		Particulate matter	Organised	228	General discharge outlet	5.00	DB34/3576-2020	80.00	291.00	No
2	Baimashan Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	1.50	DB34/3576-2020	8.56	296.88	No
		Nitrogen oxides	Organised	2	Kiln tail	44.67	DB34/3576-2020	187.72	593.75	No
		Particulate matter	Organised	4	Kiln head and tail	4.45	DB34/3576-2020	31.06	100.78	No
		Particulate matter	Organised	112	General discharge outlet	7.24	DB34/3576-2020	27.19	80.07	No
		Sulfur dioxide	Organised	2	Coal mill	10.82	DB34/3576-2020	4.68	52.90	No
		Nitrogen oxides	Organised	2	Coal mill	25.50	DB34/3576-2020	15.17	105.80	No
3	Chizhou Conch	Sulfur dioxide	Organised	8	Kiln tail	3.99	DB34/3576-2020	174.84	1,704.13	No
		Nitrogen oxides	Organised	8	Kiln tail	44.32	DB34/3576-2020	1,835.57	3,821.80	No
		Particulate matter	Organised	16	Kiln head and tail	2.65	DB34/3576-2020	168.89		No
		Particulate matter	Organised	378	General discharge outlet	2.30	DB34/3576-2020	32.97	914.06	No
4	Tongling Conch	Sulfur dioxide	Organised	5	Kiln tail	3.95	DB34/3576-2020	62.00	1,773.80	No
		Nitrogen oxides	Organised	5	Kiln tail	38.05	DB34/3576-2020	1,311.17	3,547.60	No
		Particulate matter	Organised	10	Kiln head and tail	3.42	DB34/3576-2020	138.40		No
		Particulate matter	Organised	383	General discharge outlet	7.19	DB34/3576-2020	111.65	871.60	No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Number of		Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
			Discharge mode	Discharge outlets						
5	Digang Conch	Sulfur dioxide	Organised	4	Kiln tail	13.58	DB34/3576-2020	359.59	807.50	No
		Nitrogen oxides	Organised	4	Kiln tail	44.09	DB34/3576-2020	970.58	1,615.00	No
		Particulate matter	Organised	8	Kiln head and tail	3.66	DB34/3576-2020	120.05		No
		Particulate matter	Organised	197	General discharge outlet	6.99	DB34/3576-2020	44.98	438.44	No
6	Wuhu Conch	Sulfur dioxide	Organised	6	Kiln tail	16.39	DB34/3576-2020	653.16	1,789.38	No
		Nitrogen oxides	Organised	6	Kiln tail	40.10	DB34/3576-2020	1,652.87	3,578.75	No
		Particulate matter	Organised	12	Kiln head and tail	3.00	DB34/3576-2020	149.11		No
		Particulate matter	Organised	363	General discharge outlet	7.12	DB34/3576-2020	90.18	854.75	No
7	Zongyang Conch	Sulfur dioxide	Organised	5	Kiln tail	1.15	DB34/3576-2020	27.20	1,237.50	No
		Nitrogen oxides	Organised	5	Kiln tail	38.37	DB34/3576-2020	937.98	2,475.00	No
		Particulate matter	Organised	10	Kiln head and tail	2.52	DB34/3576-2020	89.06		No
		Particulate matter	Organised	216	General discharge outlet	2.64	DB34/3576-2020	8.53	554.29	No
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.36	DB34/3576-2020	114.24	516.25	No
		Nitrogen oxides	Organised	2	Kiln tail	30.79	DB34/3576-2020	226.37	1,032.50	No
		Particulate matter	Organised	4	Kiln head and tail	2.54	DB34/3576-2020	36.98		No
		Particulate matter	Organised	132	General discharge outlet	3.09	DB34/3576-2020	6.97	290.17	No
9	Wuhu South Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	16.56	DB34/3576-2020	161.19	513.13	No
		Nitrogen oxides	Organised	3	Kiln tail	75.14	DB34/3576-2020	741.32	1,031.25	No
		Particulate matter	Organised	6	Kiln head and tail	2.42	DB34/3576-2020	38.80		No
		Particulate matter	Organised	196	General discharge outlet	3.10	DB34/3576-2020	49.69	1,686.31	No
10	Prosperity Conch	Sulfur dioxide	Organised	4	Kiln tail	18.07	GB4915-2013	182.68	640.00	No
		Nitrogen oxides	Organised	4	Kiln tail	186.20	GB4915-2013	2,095.41	4,712.00	No
		Particulate matter	Organised	8	Kiln head and tail	6.04	GB4915-2013	103.11		No
		Particulate matter	Organised	222	General discharge outlet	4.86	GB4915-2013	26.00	699.27	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
11	Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.70	GB4915-2013	241.00	530.00	No
		Nitrogen oxides	Organised	2	Kiln tail	160.40	GB4915-2013	2,307.98	3,548.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.58	GB4915-2013	46.07	746.13	No
		Particulate matter	Organised	191	General discharge outlet	3.50	GB4915-2013	143.56		No
12	Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.26	GB4915-2013	53.28	320.00	No
		Nitrogen oxides	Organised	2	Kiln tail	289.84	GB4915-2013	2,467.21	3,030.48	No
		Particulate matter	Organised	4	Kiln head and tail	1.68	GB4915-2013	23.08	504.98	No
		Particulate matter	Organised	120	General discharge outlet	5.24	GB4915-2013	19.24		No
13	Hainan Changjiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	55.55	DB46/524-2021	229.93	387.50	No
		Nitrogen oxides	Organised	2	Kiln tail	145.03	DB46/524-2021	585.25	775.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.99	DB46/524-2021	17.70	117.48	No
		Particulate matter	Organised	97	General discharge outlet	3.01	DB46/524-2021	12.12		No
14	Guangying Cement	Sulfur dioxide	Organised	3	Kiln tail	7.75	GB4915-2013	30.10	234.09	No
		Nitrogen oxides	Organised	3	Kiln tail	249.16	GB4915-2013	1,336.09	2,342.65	No
		Particulate matter	Organised	6	Kiln head and tail	4.42	GB4915-2013	39.07	286.54	No
		Particulate matter	Organised	107	General discharge outlet	2.79	GB4915-2013	5.55		No
15	Guangdong Conch Hongfeng Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	39.50	GB4915-2013	285.26	399.40	No
		Nitrogen oxides	Organised	2	Kiln tail	268.11	GB4915-2013	1,888.47	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.47	GB4915-2013	60.23	469.56	No
		Particulate matter	Organised	113	General discharge outlet	4.80	GB4915-2013	19.01		No
16	Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.20	GB4915-2013	76.57	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	257.47	GB4915-2013	1,892.74	2,476.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.97	GB4915-2013	63.96	543.70	No
		Particulate matter	Organised	135	General discharge outlet	7.04	GB4915-2013	92.01		No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
17	Xingye Kuyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	20.58	GB4915-2013	67.06	130.58	No
		Nitrogen oxides	Organised	2	Kiln tail	216.87	GB4915-2013	2,054.26	2,713.31	No
		Particulate matter	Organised	4	Kiln head and tail	8.27	GB4915-2013	102.40		No
		Particulate matter	Organised	166	General discharge outlet	7.68	GB4915-2013	63.81	1,041.97	No
18	Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	3.48	GB4915-2013	51.88	181.00	No
		Nitrogen oxides	Organised	3	Kiln tail	220.57	GB4915-2013	3,500.79	3,713.00	No
		Particulate matter	Organised	6	Kiln head and tail	5.33	GB4915-2013	137.23		No
		Particulate matter	Organised	272	General discharge outlet	7.93	GB4915-2013	70.40	605.20	No
19	Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.88	GB4915-2013	52.02	265.80	No
		Nitrogen oxides	Organised	2	Kiln tail	230.63	GB4915-2013	2,400.13	2,525.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.01	GB4915-2013	78.38		No
		Particulate matter	Organised	165	General discharge outlet	7.99	GB4915-2013	58.73	600.00	No
20	Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.49	GB4915-2013	32.04	178.49	No
		Nitrogen oxides	Organised	1	Kiln tail	252.41	GB4915-2013	1,179.19	1,364.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.63	GB4915-2013	60.31		No
		Particulate matter	Organised	123	General discharge outlet	7.89	GB4915-2013	35.23	276.50	No
21	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.82	GB4915-2013	5.01	426.25	No
		Nitrogen oxides	Organised	1	Kiln tail	334.81	GB4915-2013	764.27	852.50	No
		Particulate matter	Organised	2	Kiln head and tail	1.99	GB4915-2013	5.55		No
		Particulate matter	Organised	52	General discharge outlet	7.37	GB4915-2013	8.67	177.38	No
22	Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.87	GB4915-2013	33.37	900.90	No
		Nitrogen oxides	Organised	2	Kiln tail	265.66	GB4915-2013	1,222.62	1,801.80	No
		Particulate matter	Organised	4	Kiln head and tail	6.37	GB4915-2013	25.25		No
		Particulate matter	Organised	129	General discharge outlet	3.68	GB4915-2013	7.29	362.92	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
23	Yiyang Conch	Sulfur dioxide	Organised	3	Kiln tail	8.99	GB4915-2013	104.36	320.00	No
		Nitrogen oxides	Organised	3	Kiln tail	246.60	GB4915-2013	3,880.04	4,468.50	No
		Particulate matter	Organised	6	Kiln head and tail	4.78	GB4915-2013	126.39	853.41	No
		Particulate matter	Organised	189	General discharge outlet	9.09	GB4915-2013	44.75		No
24	Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	3.15	GB4915-2013	22.72	235.19	No
		Nitrogen oxides	Organised	3	Kiln tail	264.81	GB4915-2013	2,016.03	2,641.00	No
		Particulate matter	Organised	6	Kiln head and tail	5.43	GB4915-2013	76.88	519.87	No
		Particulate matter	Organised	155	General discharge outlet	4.18	GB4915-2013	10.46	293.17	No
25	Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.12	GB4915-2013	21.37	470.00	No
		Nitrogen oxides	Organised	2	Kiln tail	160.83	GB4915-2013	993.15	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.79	GB4915-2013	60.47	675.02	No
		Particulate matter	Organised	170	General discharge outlet	7.50	GB4915-2013	17.73		No
26	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	9.48	GB4915-2013	61.23	404.36	No
		Nitrogen oxides	Organised	2	Kiln tail	174.94	GB4915-2013	1,026.11	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.49	GB4915-2013	45.28	458.39	No
		Particulate matter	Organised	169	General discharge outlet	7.11	GB4915-2013	24.24		No
27	Shimen Conch	Sulfur dioxide	Organised	2	Kiln tail	4.69	GB4915-2013	38.77	450.10	No
		Nitrogen oxides	Organised	2	Kiln tail	35.12	GB4915-2013	273.70	2,536.50	No
		Particulate matter	Organised	4	Kiln head and tail	5.97	GB4915-2013	59.06	407.69	No
		Particulate matter	Organised	148	General discharge outlet	3.60	GB4915-2013	7.07		No
28	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	33.16	GB4915-2013	141.25	462.10	No
		Nitrogen oxides	Organised	2	Kiln tail	251.59	GB4915-2013	1,178.86	2,187.90	No
		Particulate matter	Organised	4	Kiln head and tail	5.67	GB4915-2013	33.69	391.00	No
		Particulate matter	Organised	124	General discharge outlet	7.79	GB4915-2013	20.52		No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
29	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.23	GB4915-2013	1.23	234.40	No
		Nitrogen oxides	Organised	1	Kiln tail	38.21	GB4915-2013	143.70	1,240.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.46	GB4915-2013	7.35		No
		Particulate matter	Organised	130	General discharge outlet	7.99	GB4915-2013	20.51	202.01	No
30	Shaoyang Yeafing New Energy Technology Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	33.83	GB4915-2013	116.63	160.00	No
		Nitrogen oxides	Organised	1	Kiln tail	145.90	GB4915-2013	511.63	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	7.50	GB4915-2013	31.30		No
		Particulate matter	Organised	80	General discharge outlet	3.34	GB4915-2013	8.04	184.50	No
31	Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.19	GB4915-2013	9.17	247.05	No
		Nitrogen oxides	Organised	2	Kiln tail	180.02	GB4915-2013	419.93	1,716.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.73	GB4915-2013	12.12		No
		Particulate matter	Organised	133	General discharge outlet	3.50	GB4915-2013	5.43	305.60	No
32	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.23	GB4915-2013	33.57	234.97	No
		Nitrogen oxides	Organised	1	Kiln tail	166.44	GB4915-2013	474.30	1,386.58	No
		Particulate matter	Organised	2	Kiln head and tail	3.14	GB4915-2013	10.66		No
		Particulate matter	Organised	97	General discharge outlet	6.55	GB4915-2013	16.53	222.71	No
33	Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.43	GB4915-2013	1.05	151.11	No
		Nitrogen oxides	Organised	1	Kiln tail	309.42	GB4915-2013	771.48	1,440.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.50	GB4915-2013	17.31		No
		Particulate matter	Organised	106	General discharge outlet	6.90	GB4915-2013	21.43	340.31	No
34	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.99	GB4915-2013	7.65	150.00	No
		Nitrogen oxides	Organised	1	Kiln tail	31.89	GB4915-2013	127.01	1,120.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.51	GB4915-2013	19.63		No
		Particulate matter	Organised	84	General discharge outlet	5.60	GB4915-2013	16.19	186.28	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
35	Jiande Conch	Sulfur dioxide	Organised	2	Kiln tail	10.89	GB4915-2013	87.98	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	37.80	GB4915-2013	302.17	1,840.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.86	GB4915-2013	18.97		No
		Particulate matter	Organised	107	General discharge outlet	3.49	GB4915-2013	14.99	294.06	No
36	Jining Conch	Sulfur dioxide	Organised	1	Kiln tail	5.80	DB37/2373-2018	21.50	281.30	No
		Nitrogen oxides	Organised	1	Kiln tail	43.40	DB37/2373-2018	136.74	601.43	No
		Particulate matter	Organised	2	Kiln head and tail	2.61	DB37/2373-2018	12.69		No
		Particulate matter	Organised	134	General discharge outlet	6.50	GB4915-2013	7.64	164.96	No
37	China Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	3.14	DB32/4149-2021	10.71	52.38	No
		Nitrogen oxides	Organised	2	Kiln tail	42.87	DB32/4149-2021	153.99	487.74	No
		Particulate matter	Organised	4	Kiln head and tail	3.76	DB32/4149-2021	27.21		No
		Particulate matter	Organised	93	General discharge outlet	6.10	DB32/4149-2021	16.58	100.17	No
38	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	13.20	DB34/3576-2020	196.48	618.75	No
		Nitrogen oxides	Organised	3	Kiln tail	41.23	DB34/3576-2020	618.33	1,237.50	No
		Particulate matter	Organised	6	Kiln head and tail	2.51	DB34/3576-2020	39.86		No
		Particulate matter	Organised	149	General discharge outlet	2.66	DB34/3576-2020	7.31	316.92	No
39	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.46	DB34/3576-2020	30.92	240.00	No
		Nitrogen oxides	Organised	2	Kiln tail	50.52	DB34/3576-2020	464.28	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.93	DB34/3576-2020	37.91		No
		Particulate matter	Organised	119	General discharge outlet	7.34	DB34/3576-2020	27.95	271.48	No
40	Quanjiao Conch	Sulfur dioxide	Organised	2	Kiln tail	2.36	DB34/3576-2020	24.86	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	36.02	DB34/3576-2020	353.36	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.87	DB34/3576-2020	27.49		No
		Particulate matter	Organised	134	General discharge outlet	3.12	DB34/3576-2020	16.84	267.18	No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Number of		Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
			Discharge mode	Discharge outlets						
41	Huaining Conch	Sulfur dioxide	Organised	2	Kiln tail	3.36	DB34/3576-2020	29.21	412.50	No
		Nitrogen oxides	Organised	2	Kiln tail	58.33	DB34/3576-2020	500.57	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.64	DB34/3576-2020	21.64		No
		Particulate matter	Organised	168	General discharge outlet	4.07	DB34/3576-2020	22.02	252.84	No
42	Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.33	DB512864-2021	40.93	342.58	No
		Nitrogen oxides	Organised	2	Kiln tail	50.89	DB512864-2021	378.71	3,285.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.88	DB512864-2021	10.44		No
		Particulate matter	Organised	143	General discharge outlet	5.25	DB512864-2021	20.76	700.04	No
43	Dazhou Conch	Sulfur dioxide	Organised	2	Kiln tail	8.21	GB4915-2013	60.54	284.30	No
		Nitrogen oxides	Organised	2	Kiln tail	37.97	GB4915-2013	296.76	2,970.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.91	GB4915-2013	31.24		No
		Particulate matter	Organised	117	General discharge outlet	3.24	GB4915-2013	12.34	590.32	No
44	Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.59	GB4915-2013	9.12	142.13	No
		Nitrogen oxides	Organised	1	Kiln tail	178.03	GB4915-2013	659.52	1,008.26	No
		Particulate matter	Organised	2	Kiln head and tail	4.39	GB4915-2013	23.70		No
		Particulate matter	Organised	105	General discharge outlet	2.91	GB4915-2013	11.98	326.99	No
45	Chongqing Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	5.22	DB50/656-2016	66.25	2,252.25	No
		Nitrogen oxides	Organised	3	Kiln tail	126.78	DB50/656-2016	1,709.68	3,474.00	No
		Particulate matter	Organised	6	Kiln head and tail	4.57	DB50/656-2016	84.47		No
		Particulate matter	Organised	246	General discharge outlet	8.73	DB50/656-2016	68.94	875.36	No
46	Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.94	DB50/656-2016	22.33	792.00	No
		Nitrogen oxides	Organised	1	Kiln tail	159.11	DB50/656-2016	566.46	1,152.00	No
		Particulate matter	Organised	2	Kiln head and tail	7.35	DB50/656-2016	40.73		No
		Particulate matter	Organised	79	General discharge outlet	9.15	DB50/656-2016	19.38	339.81	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of Discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
47	Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.94	GB4915-2013	4.29	79.58	No
		Nitrogen oxides	Organised	1	Kiln tail	222.05	Environmental impact evaluation approval document for construction project	557.58	567.74	No
		Particulate matter	Organised	2	Kiln head and tail	8.20	GB4915-2013	27.94	151.20	No
		Particulate matter	Organised	80	General discharge outlet	1.67	GB4915-2013	2.51		No
48	Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.68	GB4915-2013	54.10	1,515.00	No
		Nitrogen oxides	Organised	2	Kiln tail	223.50	GB4915-2013	1,527.80	3,030.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.95	GB4915-2013	30.48	645.80	No
		Particulate matter	Organised	145	General discharge outlet	11.69	GB4915-2013	44.18		No
49	Liquan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.46	DB61/941-2018	45.79	208.69	No
		Nitrogen oxides	Organised	2	Kiln tail	63.48	DB61/941-2018	518.81	1,908.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.76	DB61/941-2018	16.40	335.96	No
		Particulate matter	Organised	162	General discharge outlet	5.48	DB61/941-2018	19.43		No
50	Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.85	DB61/941-2018	18.36	297.00	No
		Nitrogen oxides	Organised	1	Kiln tail	137.20	DB61/941-2018	310.20	1,188.00	No
		Particulate matter	Organised	2	Kiln head and tail	2.73	DB61/941-2018	8.64	197.58	No
		Particulate matter	Organised	114	General discharge outlet	5.44	DB61/941-2018	4.97		No
51	Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	14.50	DB61/941-2018	27.96	249.00	No
		Nitrogen oxides	Organised	1	Kiln tail	173.88	DB61/941-2018	309.57	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.25	DB61/941-2018	13.70	176.33	No
		Particulate matter	Organised	105	General discharge outlet	4.32	DB61/941-2018	16.92		No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
52	Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.89	DB61/941-2018	29.21	191.81	No
		Nitrogen oxides	Organised	1	Kiln tail	137.48	DB61/941-2018	305.06	1,227.60	No
		Particulate matter	Organised	2	Kiln head and tail	2.70	DB61/941-2018	11.00		No
		Particulate matter	Organised	124	General discharge outlet	3.56	DB61/941-2018	16.34	186.91	No
53	Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.48	DB61/941-2018	19.75	238.50	No
		Nitrogen oxides	Organised	1	Kiln tail	60.98	DB61/941-2018	180.98	954.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.17	DB61/941-2018	5.28		No
		Particulate matter	Organised	122	General discharge outlet	6.40	DB61/941-2018	15.43	102.56	No
54	Shaanxi Tongchuan Fenghuang Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	11.24	DB61/941-2018	26.70	337.50	No
		Nitrogen oxides	Organised	1	Kiln tail	202.23	DB61/941-2018	473.00	1,080.00	No
		Particulate matter	Organised	2	Kiln head and tail	0.83	DB61/941-2018	3.70		No
		Particulate matter	Organised	80	General discharge outlet	7.80	DB61/941-2018	8.03	175.13	No
55	Hami Hongyi Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.50	GB4915-2013	6.56	45.00	No
		Nitrogen oxides	Organised	1	Kiln tail	247.56	GB4915-2013	361.30	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.03	GB4915-2013	17.79		No
		Particulate matter	Organised	59	General discharge outlet	5.99	GB4915-2013	3.59	152.68	No
56	Linxia Conch	Sulfur dioxide	Organised	2	Kiln tail	1.77	GB4915-2013	5.01	145.85	No
		Nitrogen oxides	Organised	2	Kiln tail	119.62	GB4915-2013	354.36	1,004.10	No
		Particulate matter	Organised	4	Kiln head and tail	5.15	GB4915-2013	17.94		No
		Particulate matter	Organised	114	General discharge outlet	5.73	GB4915-2013	19.41	164.30	No
57	Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	20.09	GB4915-2013	153.07	706.37	No
		Nitrogen oxides	Organised	3	Kiln tail	230.53	GB4915-2013	1,297.22	3,901.51	No
		Particulate matter	Organised	6	Kiln head and tail	6.11	GB4915-2013	52.11		No
		Particulate matter	Organised	157	General discharge outlet	8.50	GB4915-2013	31.39	585.83	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
58	Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	22.90	GB4915-2013	104.25	646.80	No
		Nitrogen oxides	Organised	2	Kiln tail	247.97	GB4915-2013	1,234.87	3,267.00	No
		Particulate matter	Organised	4	Kiln head and tail	10.66	GB4915-2013	48.33	671.27	No
		Particulate matter	Organised	122	General discharge outlet	7.89	GB4915-2013	26.79		No
59	Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.96	GB4915-2013	48.07	1,485.00	No
		Nitrogen oxides	Organised	2	Kiln tail	304.99	GB4915-2013	1,258.08	2,970.00	No
		Particulate matter	Organised	4	Kiln head and tail	4.55	GB4915-2013	29.25	666.96	No
		Particulate matter	Organised	131	General discharge outlet	6.53	GB4915-2013	25.32		No
60	Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	28.02	GB4915-2013	44.72	1,559.25	No
		Nitrogen oxides	Organised	2	Kiln tail	258.35	GB4915-2013	844.40	3,118.50	No
		Particulate matter	Organised	4	Kiln head and tail	8.22	GB4915-2013	41.19	660.09	No
		Particulate matter	Organised	132	General discharge outlet	7.17	GB4915-2013	32.82		No
61	Qianxi Nanzhou Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.20	GB4915-2013	3.55	241.00	No
		Nitrogen oxides	Organised	1	Kiln tail	217.69	GB4915-2013	341.09	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.99	GB4915-2013	12.41	134.06	No
		Particulate matter	Organised	103	General discharge outlet	8.81	GB4915-2013	6.46		No
62	Shuicheng Conch	Sulfur dioxide	Organised	2	Kiln tail	6.31	GB4915-2013	11.25	446.99	No
		Nitrogen oxides	Organised	2	Kiln tail	290.23	GB4915-2013	533.86	1,733.62	No
		Particulate matter	Organised	4	Kiln head and tail	9.25	GB4915-2013	24.68	393.70	No
		Particulate matter	Organised	104	General discharge outlet	7.89	GB4915-2013	10.06		No
63	Guizhou Liukuanguan Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	43.90	GB4915-2013	112.73	529.23	No
		Nitrogen oxides	Organised	2	Kiln tail	204.11	GB4915-2013	539.25	2,260.00	No
		Particulate matter	Organised	4	Kiln head and tail	4.72	GB4915-2013	15.48	481.00	No
		Particulate matter	Organised	109	General discharge outlet	7.03	GB4915-2013	11.17		No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
64	Guizhou New Shuanglong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	26.13	GB4915-2013	23.14	135.00	No
		Nitrogen oxides	Organised	1	Kiln tail	295.97	GB4915-2013	295.12	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.83	GB4915-2013	12.15		No
		Particulate matter	Organised	65	General discharge outlet	13.00	GB4915-2013	3.55	142.00	No
65	Baoshan Conch	Sulfur dioxide	Organised	1	Kiln tail	4.51	GB4915-2013	1.83	150.76	No
		Nitrogen oxides	Organised	1	Kiln tail	296.74	GB4915-2013	435.41	1,395.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.11	GB4915-2013	6.77		No
		Particulate matter	Organised	77	General discharge outlet	6.89	GB4915-2013	4.53	301.95	No
66	Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.79	GB4915-2013	0.79	43.00	No
		Nitrogen oxides	Organised	1	Kiln tail	265.56	GB4915-2013	153.89	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.55	GB4915-2013	4.52		No
		Particulate matter	Organised	106	General discharge outlet	6.10	GB4915-2013	4.17	163.40	No
67	Yingjiang Yunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.20	GB4915-2013	15.99	60.15	No
		Nitrogen oxides	Organised	1	Kiln tail	232.35	GB4915-2013	500.41	1,304.05	No
		Particulate matter	Organised	2	Kiln head and tail	7.42	GB4915-2013	21.26		No
		Particulate matter	Organised	95	General discharge outlet	6.60	GB4915-2013	19.28	260.22	No
68	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.66	GB4915-2013	60.14	241.10	No
		Nitrogen oxides	Organised	2	Kiln tail	220.88	GB4915-2013	1,058.10	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.47	GB4915-2013	25.07		No
		Particulate matter	Organised	123	General discharge outlet	8.01	GB4915-2013	18.62	603.89	No
69	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.13	GB4915-2013	3.23	62.27	No
		Nitrogen oxides	Organised	1	Kiln tail	327.65	GB4915-2013	318.94	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.12	GB4915-2013	4.10		No
		Particulate matter	Organised	47	General discharge outlet	8.75	GB4915-2013	2.92	94.90	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
70	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.01	GB4915-2013	9.33	172.00	No
		Nitrogen oxides	Organised	1	Kiln tail	253.58	GB4915-2013	267.54	576.00	No
		Particulate matter	Organised	2	Kiln head and tail	5.27	GB4915-2013	7.30	124.28	No
		Particulate matter	Organised	34	General discharge outlet	7.99	GB4915-2013	8.68		No
71	Tengchong Tengyue Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.10	GB4915-2013	5.32	86.43	No
		Nitrogen oxides	Organised	1	Kiln tail	254.09	GB4915-2013	133.17	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.61	GB4915-2013	3.95	160.38	No
		Particulate matter	Organised	95	General discharge outlet	6.07	GB4915-2013	2.05		No
72	Anhui Conch Siam Refractory Material Co., Ltd.	Sulfur dioxide	Organised	2	Tunnel kiln tail	36.54	Environmental impact evaluation approval document for construction project	9.34	36.79	No
		Nitrogen oxides	Organised	2	Tunnel kiln tail	117.00	Environmental impact evaluation approval document for construction project	37.87	88.30	No
		Particulate matter	Organised	2	Tunnel kiln tail	8.14	Environmental impact evaluation approval document for construction project	3.20	11.04	No
		Particulate matter	Organised	29	General discharge outlet	4.40	GB16297-1996	3.32	/	No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
73	Hongji Cement	Sulfur dioxide	Organised	1	Kiln tail	2.37	GB4915-2013	5.50	118.80	No
		Nitrogen oxides	Organised	1	Kiln tail	268.64	GB4915-2013	416.00	980.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.81	GB4915-2013	19.63		No
		Particulate matter	Organised	37	General discharge outlet	5.93	GB4915-2013	39.19	444.92	No
74	Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	9.97	GB16297-1996	/	/	No
		Particulate matter	Organised	4	General discharge outlet	6.81	GB T16157-1996	/	/	No
		Particulate matter	Organised	1	General discharge outlet	9.19	GB T16157-1996	/	/	No
		Odor concentration	Organised	2	General discharge outlet	634.53	GB T14675-1993	/	/	No
					(Non-dimensional)					
75	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	168	General discharge outlet	7.80	DB32/4149-2021	30.69	/	No
76	Beigu Conch	Particulate matter	Organised	13	General discharge outlet	7.91	DB32/4149-2021	4.64	/	No
77	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	6.58	DB32/4149-2021	29.43	/	No
78	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	7.00	GB4915-2013	19.48	/	No
79	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	7.21	GB4915-2013	31.61	/	No
80	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	6.33	GB4915-2013	37.96	/	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				Discharge outlets	Distribution of discharge outlets					
81	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	7.50	GB4915-2013	6.10	21.50	No
82	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	57	General discharge outlet	6.82	GB4915-2013	31.13	/	No
83	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	116	General discharge outlet	7.32	GB4915-2013	38.51	/	No
84	Changfeng Conch	Particulate matter	Organised	53	General discharge outlet	3.29	DB34/3576-2020	3.76	/	No
85	Bengbu Conch	Particulate matter	Organised	89	General discharge outlet	2.61	DB34/3576-2020	2.22	/	No
86	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	4.04	DB34/3576-2020	9.45	/	No
87	Ma'anshan Conch	Particulate matter	Organised	89	General discharge outlet	3.47	DB34/3576-2020	26.98	/	No
88	Fujian Jiayang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	4.78	GB4915-2013	2.45	/	No



6. Environment and Social Responsibility

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

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
1	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	65	General discharge outlet	3.82	DB34/3576-2020	4.98	/	No
2	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	77	General discharge outlet	4.69	DB34/3576-2020	15.97	/	No
3	Huainan Conch	Particulate matter	Organised	104	General discharge outlet	7.01	DB34/3576-2020	11.00	/	No
4	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	51	General discharge outlet	2.47	DB32/4149-2021	8.44	/	No
5	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	32	General discharge outlet	4.86	GB4915-2013	5.07	17.00	No
6	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	5.90	DB32/4149-2021	27.15	/	No
7	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	137	General discharge outlet	2.58	GB4915-2013	25.65	/	No
8	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	148	General discharge outlet	7.90	DB32/4149-2021	23.37	/	No
9	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	8.50	GB4915-2013	60.86	/	No
10	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	9.01	GB4915-2013	41.37	/	No
11	Ningde Conch Cement Co., Ltd.	Particulate matter	Organised	34	General discharge outlet	11.83	DB35/1311-2013	8.92	/	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
12	Linqan Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	8.25	DB34/3576-2020	3.10	/	No
13	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	7.29	DB32/4149-2021	16.98	/	No
14	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	4.77	GB4915-2013	19.82	/	No
15	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	91	General discharge outlet	4.80	GB4915-2013	11.57	/	No
16	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	96	General discharge outlet	4.16	GB4915-2013	14.80	/	No
17	Quanjiao Conch Construction Technology Co., Ltd.	Particulate matter	Organised	8	General discharge outlet	2.50	DB34/3576-2020	0.60	/	No
18	Wuhu Conch Plastic Manufacturing Company Limited	Non-methane hydrocarbon	Organised	3	General discharge outlet	1.10	DB13/2322-2016	0.60	/	No
19	Jinxian Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	7.68	GB4915-2013	34.42	/	No
20	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	7.98	GB4915-2013	46.80	/	No
21	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	4.93	GB4915-2013	7.26	/	No
22	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	3.44	DB32/4149-2021	13.50	/	No
23	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	166	General discharge outlet	7.79	DB32/4149-2021	32.12	/	No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
24	Guangyuan Conch Plastic Packaging Co., Ltd.	Particulate matter	Organised		General discharge outlet	4.53	GB/T 16157-1996	2.80	/	No
		Non-methane hydrocarbon	Organised	3	General discharge outlet	2.11	HJ/T38-2017	0.67	/	No
		Odor concentration	Organised		General discharge outlet	1,232	GB T14675-1993 (Non-dimensional)	/	/	No
25	Yingde Conch Plastic Packaging Company Limited	Particulate matter	Organised	2	General discharge outlet	17.80	DB44/27-2001	0.25	/	No
		Volatile organic compound	Organised	2	General discharge outlet	2.88	DB44/815-2010	0.10	/	No
26	Jianghua Conch Plastic Packaging Company Limited	Non-methane hydrocarbon	Organised	2	General discharge outlet	0.73	DB34/1357-2017	0.05	/	No
27	Anhui Ningchang Plastic Packaging Co., Ltd.	Particulate matter	Organised	1	General discharge outlet	14.20	GB31572-2012	0.02	/	No
		Non-methane hydrocarbon	Organised	3	General discharge outlet	1.93	GB31572-2012	0.15	/	No
28	Baiji Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	26.90	DB61/T1061-2017	0.54	/	No
29	Guiding Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	1	General discharge outlet	1.29	GB16297-1996	0.08	/	No
		Particulate matter	Organised	1	General discharge outlet	16.67	GB16297-1996	0.67	/	No
30	Chizhou Conch New Material Co., Ltd.	Particulate matter	Organised	31	General discharge outlet	2.16	GB16297-1996	3.55	/	No
31	Jiangxi Yiyang Conch New Material Co., Ltd.	Particulate matter	Organised	46	General discharge outlet	8.10	GB16297-1996	10.10	/	No
32	Chongqing Duoji	Particulate matter	Organised	7	General discharge outlet	7.79	DB50/656-2016	1.21	/	No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
33	Chifeng Conch	Particulate matter	Organised	26	General discharge outlet	91.37	GB4915-2013	1.48	/	No
		Sulfur dioxide	Organised	1	General discharge outlet	13.15	GB4915-2013	2.57	/	No
		Nitrogen oxides	Organised	1	General discharge outlet	125.67	GB4915-2013	2.39	/	No
34	Tongchuan Conch New Material Co., Ltd.	Particulate matter	Organised	1	General discharge outlet	4.45	DB61941-2014	3.24	/	No
35	Naiman Banner Xingta Renewable Resources Co., Ltd. ^{Note}	Sulfur dioxide	Organised	2	General discharge outlet	/	GB16297-1996	/	/	No
		Nitrogen oxides	Organised	4	General discharge outlet	/	GB T16157-1996	/	/	No
		Particulate matter	Organised	1	General discharge outlet	/	GB T16157-1996	/	/	No

Note: During the Reporting Period, Naiman Banner Xingta Renewable Resources Co., Ltd. was not in production and operation, thus no pollutants were emitted.

3. Environmental protection effort and achievements of the Group

During the Reporting Period, the Group comprehensively implemented the national environmental protection policy, strictly complied with the requirements of various environmental protection laws, regulations and standards, continuously strengthened environmental protection management, constantly increased effort for environmental protection and actively leveraged the advantages of resources co-ordination between the Company's headquarters and Regional Committees to guide the subordinate subsidiaries in strengthening the operation and maintenance of environmental protection equipment, and coordinated the promotion of various environmental protection technological modification works. Therefore, the level of environmental protection management has continued to increase, various environmental pollution control measures operated efficiently and various pollutants were stably emitted in compliance with discharge standards. During the Reporting Period, the Group invested a total of RMB869.31 million in the implementation of various environmental technological modification.



6. Environment and Social Responsibility

During the Reporting Period, in terms of reducing nitrogen oxide emissions, the Group had completed SCR denitration technological modification for 20 clinker production lines. As of the end of the Reporting Period, SCR denitration technological modification for a total of 64 clinker production lines had been completed, achieving an ultra-low emission rate for nitrogen oxides after the technological modification. In terms of emission reduction of sulfur dioxide, the Company had completed the technological modification with wet desulfurization for 4 clinker production lines. As at the end of the Reporting Period, 40 sets of wet desulfurization project for a total of 40 clinker production lines had been carried out. The average emission concentration of sulfur dioxide is controlled below 35mg/m³. In terms of particulate matter emission reduction, the Group had completed the technological modification of replacement of electric dust collection with bag dust collection for 12 sets of main dust collectors, with a total of 248 sets completed accumulatively as of the end of the Reporting Period. After technological modification, the average emission concentration of particulate matter is less than 10mg/m³, which is better than the national emission standard. During the Reporting Period, a total of 4 base companies passed the A Class Enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry and 10 grinding station companies passed the leading enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry. As at the end of the Reporting Period, a total of 11 base companies passed the A Class Enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry and 17 grinding station companies passed the leading enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry.

In terms of emission reduction of carbon dioxide, the Group earnestly implemented the requirements of national carbon peak and carbon neutral policies, studied and formulated the Company's mid and long-term route for reduction of carbon emission, and actively participated in the research of carbon collection technology for cement kiln flue gas in the building materials industry and other topics. During the Reporting Period, the Group completed technological modification for comprehensive energy efficiency improvement for 27 clinker production lines, and increased in the use of energy saving materials such as combustion accelerants and cement grinding aids, thus reducing the coal power consumption in the process of production, and indirectly, carbon dioxide emissions. Meanwhile, the Group actively explored the areas of alternative fuels and renewable energy, implemented the technical modification of alternative fuels such as biomass alternative fuel and refuse derived fuel (RDF) in qualified regions, and accelerated the construction of photovoltaic power generation, wind power generation and other projects to further optimize the energy consumption structure and reduce carbon emissions during the use of fossil fuels. In addition, with regard to the problems of green, low-carbon and circular development in the development of cement industry, the Group continued to carry out low-carbon cutting-edge technology research, and established a joint laboratory for carbon conversion with Nankai University to cooperated with in the fields of comprehensive utilization of



6. Environment and Social Responsibility

carbon dioxide resources, new energy and new materials, etc. Through the research on making combustible gas from carbon dioxide, carbon monoxide and hydrogen were prepared by green electrocatalysis, thus realizing the substitution of clean fuel in cement kilns. At the same time, the Group carried out the construction of carbon dioxide energy storage demonstration project in Wuhu Conch, built a “zero external power purchase clean energy low-carbon park” integrating residue heat power generation, wind power generation, photovoltaic power generation, garbage power generation and biomass power generation in Jining Conch, and built a carbon dioxide smart agricultural greenhouse project in Baimashan Cement Plant, using carbon dioxide as agricultural gas fertilizer for producing organic vegetables, thus realizing the resource utilization of carbon dioxide. According to the own accounting data of the Group, in 2022, the Group emitted a total of 204.04 million tonnes of carbon dioxide, representing a decrease of 7.11 million tonnes compared with 2021 and a year-on-year decrease of 3.4%.

All the subsidiaries of the Group have implemented the environmental assessment approval procedure and applied for the emission permit in strict compliance with the requirements of Law of the People’s Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》). The subsidiaries of the Group were equipped with online monitoring equipment in strict compliance with the requirements of national and local environmental protection policies. They have commissioned third-party institutions to implement regulated operation maintenance and formulated monitoring plans and conducted self-monitoring in strict compliance with the requirements of the industry’s self-monitoring technology guidelines. The subsidiaries have made timely report and payments of environmental protection tax based on surveillance data, submitted pollutant discharge permit enforcement reports quarterly, and accepted public supervision by disclosing the companies’ information on pollutant discharge and legal compliance. The subsidiaries have formulated environmental emergency response plan and have completed the filing with the environmental protection authorities in strict compliance with the requirements of Emergency Response Measures of the PRC (《中華人民共和國突發事件應對辦法》) and other documents. They also carried out emergency drills regularly, enabling the Group to respond in a quick, orderly and efficient manner to reduce harm upon occurrence of any environmental pollution incidents (accidents), thereby achieving the purpose of public and environmental protection.

For more information about the implementation of environmental protection policies and regulations and fulfillment of environmental protection responsibilities by the Group, please refer to the 2022 Environment, Social and Governance Report prepared by the Company, which was published on the respective websites of the SSE, the Stock Exchange and the Company on the same day as this annual report.



6. Environment and Social Responsibility

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

During the Reporting Period, Beigu Conch, a subsidiary of the Group, violated the Prevention and Control of Atmospheric Pollution Law of the PRC for failing to take effective measures to control dusts in the course of maintenance, and was charged with an administrative fine of RMB20,000 by Zhenjiang Municipal Ecological Environment Bureau.

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

5. Other required disclosures related to the environment

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

(2) SOCIAL RESPONSIBILITY WORK

For the social responsibility work proactively carried out by the Group during the Reporting Period, please refer to the Company's 2022 Environment, Social and Governance Report published on the websites of the SSE, the Stock Exchange and the Company on the same day as this annual report.

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

During the Reporting Period, the Group has taken various measures to carry out consolidation of achievements in poverty alleviation and rural revitalization in a coordinated manner and made efforts to combine and mutually promote the two concepts in an organic manner.

The Group earnestly implemented various decisions and plans of the state and the Anhui Provincial Party Committee and Provincial Government, and actively participated in rural assistance in Anhui Province, such as Jianglaojia Village in Jiangji Town of Lixin County, Wangren Town of Lixin County, Zhong Village in Bantouqiao Town of Jixi County, and Pingding Village in Yanqiao Town of Wuwei City. The Company coordinated and promoted the key assistance work such as infrastructure improvement, rural environmental improvement, development of characteristic industries and improvement of public services by taking industrial assistance and rural infrastructure construction and basic public services construction as the main starting points, combining with the actual situation of assistance acceptance villages, adopting the measures suiting local conditions and precisely implementing



6. Environment and Social Responsibility

policies. The Company deepened consumer assistance, mobilized all units to actively purchase or help sell the agricultural and sideline products in support areas, responded to the deployment and arrangement of the Anhui Provincial Party Committee and Provincial Government to support Xinjiang and purchased its agricultural and sideline products with local characteristics, earnestly fulfilling the social responsibilities of large enterprises. The Company supervised the operation of the dynamic monitoring and assistance mechanism to prevent return to poverty, did a good job in the normalization of interconnection contacts and visiting key groups such as poverty-stricken households, monitored households and five-guarantee households, and formulated targeted support and assistance measures so as to ensure return to poverty would not happen and continuously consolidate and expand the achievements of poverty alleviation.

In addition, the subsidiaries of the Group were mostly built near mountains and villages. While investing and building factories in rural areas, the Group played a positive role in increasing local financial tax revenue, promoting employment of rural population and boosting rural economic development. Moreover, the Group drove the flow of production factors such as technology, equipment, manpower and capital, thus injecting new momentum for rural revitalization. Adhering to the operation principle of “the highest quality and the sincerest service”, the Group strove to provide high-quality cement products for the construction of new village, improved the conditions for infrastructure construction such as bridges, roads, drinking water and power supply and built a favorable living environment in rural areas. In addition, during the daily production and operation process, the Group adhered to respecting nature, adapting nature and protecting nature, firmly established and practiced the concept of “lucid waters and lush mountains are invaluable assets”, strictly kept the ecological redlines, oriented at the ecological environment-friendly and effective use of resources, continuously carried out restoration treatment towards ecological environment, attached great importance to the preservation of biodiversity, continuously promote the construction of green plant, made great effort to build the digital and smart mines, pushed the changes of production and life style, so as to provide rural areas with a pleasant living environment featuring natural and beautiful landscape, a stable and sound ecosystem, and harmony between humankind and nature, thus creating a healthy cycle of ecological protection and economic growth, and promoting rural revitalization with the concept of green, low-carbon, and sustainable development.



7. Significant Events

(1) COMMITMENTS

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

(2) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties. A detailed statement issued by KPMG Huazhen LLP (Special General Partnership) and this report have been published on the SSE website, the website of the Stock Exchange and the Company's website on the same date.

(3) GUARANTEES IN VIOLATION OF THE PROVISIONS

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

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

In accordance with the relevant requirements of the "Questions and Answers on the Implementation of the Accounting Standards for Business Enterprises" promulgated by the Accounting Department of the Ministry of Finance of the PRC on 2 November 2021, the Company published the announcement in relation to the change in accounting policies (Lin 2022-06) on 24 March 2022. The transportation cost was required to reclassify from selling expenses to operating cost if the transportation cost was incurred before transferring the control rights of goods to customers and as a result of performance of the customer's sales contract.

Save as described in item 32 under note III to the financial statements prepared in accordance with the PRC Accounting Standards, the accounting policies and accounting estimates of the Company remained unchanged.



7. Significant Events

(5) AUDITORS AND REMUNERATION

Pursuant to the resolution considered and approved at the 2021 annual general meeting of the Company, the Company engaged KPMG Huazhen LLP (Special General Partnership) and KPMG (collectively “KPMG”) as the PRC auditors and the international auditors of the Company for the year ended 31 December 2022, respectively, and engaged KPMG Huazhen LLP (Special General Partnership) as the internal control auditor of the Company for the year of 2022. The financial audit services fees and internal control audit services fees payable to KPMG by the Company for the year ended 31 December 2022 amounted to RMB5.4 million and RMB0.8 million, totaling RMB6.2 million.

KPMG was first appointed as the auditors of the Company in 2006 and has provided audit services for the Company for 17 consecutive years. The Company has not changed the auditor in the past three years. In accordance with the relevant requirements of the Requirements on the Regular Rotation of the Endorsing Accountants for Securities and Futures Auditing Services (《關於證券期貨審計業務簽字註冊會計師定期輪換的規定》) promulgated by the CSRC and the Ministry of Finance of the PRC, KPMG has regularly rotated the endorsing accountant.

(6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

(7) MATERIAL LITIGATION AND ARBITRATION

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

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

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



7. Significant Events

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

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

(10) MATERIAL CONNECTED TRANSACTIONS

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

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

(1) Transactions with Conch Holdings-Use of trademarks

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



7. Significant Events

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB25.9033 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders' approval requirement.

(2) Transactions with Conch Technology- procurement of grinding aids

On 1 April 2021, the Company and Conch Technology entered into the Procurement of Cement Admixtures (Grinding Aids) Contract (the "2021-2022 Procurement of Grinding Aids Contract"), with a validity period from 1 April 2021 to 31 December 2022. Pursuant to the contract, the Group shall procure three types of cement grinding aids, namely the composite type, the production-increasing type and the enhanced type, from Conch Technology with an aggregate contract price not exceeding RMB1.4 billion, of which the maximum transaction amount for 2022 is RMB800 million.

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



7. Significant Events

On 26 November 2021, the Company and Conch Technology entered into the Supplemental Contract (the “First Supplemental Contract”) to revise the maximum transaction amount between the Group and Conch Technology under the 2021-2022 Procurement of Grinding Aids Contract for the period from 1 April 2021 to 31 December 2021 from RMB600 million to RMB770 million. The annual cap amount for 2022 of RMB800 million remained unchanged and the aggregate transaction amount would not exceed RMB1,570 million. The First Supplemental Contract is valid from the signing date to 31 December 2022. Save for the revision of the maximum transaction amount for the period from 1 April 2021 to 31 December 2021 as amended by the First Supplemental Contract, all other terms and conditions of the 2021-2022 Procurement of Grinding Aids Contract remained the same and in full force and effect.

On 13 May 2022, the Company and Conch Technology entered into the Supplemental Contract to the Procurement of Cement Admixtures (Grinding Aids) Contract (the “Second Supplemental Contract”), pursuant to which, from the signing date of the Second Supplemental Contract, the contracting party to each of the individual sub-contracts under the 2021-2022 Procurement of Grinding Aids Contract shall be changed from Conch Technology to its wholly-owned subsidiary, Anhui Conch New Materials Technology Trading Company Limited (“Conch New Materials Technology Trading Company”). Save for the aforesaid, other terms and conditions of the 2021-2022 Procurement of Grinding Aids Contract and the First Supplemental Contract remain the same and in full force and effect. After the Second Supplemental Contract becoming effective, Conch Technology and the Company’s relevant subsidiaries have terminated the previously signed individual sub-contracts, and Conch New Materials Technology Trading Company has entered into individual sub-contracts with the relevant subsidiaries of the Company.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the 2021-2022 Procurement of Grinding Aids Contract as amended by the First Supplemental Contract and the Second Supplemental Contract was RMB796 million.



7. Significant Events

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch Technology, and Conch Technology holds 100% shares in Conch New Materials Technology Trading Company. Therefore, Conch Technology and Conch New Materials Technology Trading Company are associates of Conch Holdings, and are connected persons of the Company. The transactions contemplated under the 2021-2022 Procurement of Grinding Aids Contract (as amended by the First Supplemental Contract and the Second Supplemental Contract) constituted continuing connected transactions for the Company under the HKSE Listing Rules. According to the SSE Listing Rules, Conch Technology and Conch New Materials Technology Trading Company are also connected parties of the Company and the transactions contemplated under the 2021-2022 Procurement of Grinding Aids Contract (as amended by the First Supplemental Contract and the Second Supplemental Contract) constituted connected transactions under its definition. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company respectively on 1 April 2021, 26 November 2021 and 13 May 2022 respectively, and on the website of the SSE on 2 April 2021, 27 November 2021 and 14 May 2022 respectively.

On 29 December 2022, the Company and Conch Technology entered into the Procurement of Cement Admixtures (Grinding Aids) Contract for 2023 (the "2023 Procurement of Grinding Aids Contract"), with a validity period from 1 January 2023 to 31 December 2023. Pursuant to the contract, the Group will procure cement grinding aids from Conch Technology and/or its relevant subsidiaries, and the aggregate contract amount shall not exceed RMB850 million.

The contract price of the 2023 Procurement of Grinding Aids Contract was determined after taking into account the estimated total procurement quantity of cement grinding aids needed according to the Group's cement production plan for the year of 2023 and the procurement unit price as determined through open tender, with reference to the historical transaction amounts of previous similar transactions.



7. Significant Events

For details of the above 2023 Procurement of Grinding Aids Contract, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 29 December 2022. According to the SSE Listing Rules, since the above contract amount accounted for less than 0.5% of the Company's latest audited net assets, and the transaction took place through an open tender, the Company is not required to publish an ad hoc announcement on the website of the SSE in relation to the above transaction.

(3) Transactions with Conch Accelerants Manufacturing Company – procurement of combustion accelerants

On 1 January 2022, the Company and Conch Accelerants Manufacturing Company entered into the Combustion Accelerants Trial Contract, with a validity period from 1 January 2022 to 31 July 2022. Pursuant to the contract, the Group will procure combustion accelerants from Conch Accelerants Manufacturing Company, and the aggregate contract amount shall not exceed RMB59.50 million.

After comparing the price quotations of three suppliers (one of which being Conch Accelerants Manufacturing Company, and the other two being independent third parties), Conch Accelerants Manufacturing Company had a competitive advantage in price. The contract price of the Combustion Accelerants Trial Contract was determined after taking into account the estimated total procurement quantity of combustion accelerants according to the Group's production plan for the period from January to July 2022 and the procurement unit price as determined through the above method of price inquiry and comparison.

On 25 August 2022, the Company and Conch Accelerants Manufacturing Company entered into the Combustion Accelerants Procurement Contract, with a validity period from 25 August 2022 to 31 December 2023. Pursuant to the contract, the Group will procure combustion accelerants from Conch Accelerants Manufacturing Company. The aggregate transaction amount shall not exceed RMB477 million, of which the cap for the transaction amounts for the period from 25 August 2022 to 31 December 2022 is RMB140 million, and that for the period from 1 January 2023 to 31 December 2023 is RMB337 million.



7. Significant Events

The contract price of the Combustion Accelerants Procurement Contract was determined according to the Group's production plan for the period from 25 August 2022 to 31 December 2023 and the procurement unit price as determined through open tender. The final procurement unit price, after negotiations, was adjusted downward to a certain extent from the unit price quoted in the winning bids, in order to maximize the Group's benefits from the procurement of combustion accelerants.

During the Reporting Period, the actual transaction amounts (inclusive of tax) under the Combustion Accelerants Trial Contract and the Combustion Accelerants Procurement Contract were RMB58.6959 million and RMB35.3666 million, respectively.

Conch Holdings, a controlling shareholder of the Company, holds 100% shares in Conch Investment Company. Conch Investment Company holds 100% shares in Conch Accelerants Manufacturing Company. Therefore, Conch Accelerants Manufacturing Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Combustion Accelerants Trial Contract and the Combustion Accelerants Procurement Contract constitute continuing connected transaction for the Company under Chapter 14A of the HKSE Listing Rules. As the above two contracts were entered into between the Company and the same party within a 12-month period, pursuant to the HKSE Listing Rules, the transactions under the contracts shall be aggregated as if they were one transaction. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 25 August 2022 and 2 September 2022. According to the SSE Listing Rules, Conch Accelerants Manufacturing Company is a connected party of the Company, and the transactions contemplated under the above two contracts constitute connected transactions for the Company. However, since the total amount of the two contracts accounted for less than 0.5% of the Company's latest audited net assets, and the transactions contemplated under the Combustion Accelerants Procurement Contract are conducted through open tender, the Company is not required to publish an ad hoc announcement for the aforesaid transactions on the website of the SSE.



7. Significant Events

(4) Transactions with Haihui Company – network cargo transportation service

On 28 January 2022, the Company and Haihui Company entered into the Network Cargo Transportation Service Contract, with a validity period from 28 January 2022 to 31 December 2022. Pursuant to the contract, Haihui Company will provide network cargo transportation service for the Group's cement, clinker, aggregate and other products with an aggregate contract price not exceeding RMB600 million.

The contract price of the Network Cargo Transportation Service Contract was determined after taking into account the reasonable estimation of the transportation volume of the Group's cement, clinker, aggregate and other products in 2022 (with reference to the transportation volume of various products in 2021), and the unit price for the transportation of various products as determined through open tender via Haihui Company to be conducted by the relevant subsidiaries. During the process of open tender via Haihui Company, the relevant subsidiaries shall, based on factors including the quantity of consigned products, mode of transportation and transport distance, review and compare the transport quotations offered by not less than three independent third party qualified carriers who made a bid; and the bidder who offered the lowest price will be selected. The relevant subsidiaries may further negotiate the transportation cost based on the bid price with the selected carrier on an arm's length basis, with the aim to further lower the transportation unit price.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Network Cargo Transportation Service Contract was RMB420.7289 million.



7. Significant Events

Haihui Company is a non-wholly owned subsidiary of the Company. On the contract date, the Company, Conch New Material and Conch IT Engineering held 50%, 20% and 10% equity interest in Haihui Company respectively, while Beijing Huitong Tianxia IOT Technology Co., Ltd. held 20% equity interest in Haihui Company. Both Conch New Material and Conch IT Engineering are subsidiaries of Conch Holdings. Accordingly, each of Conch New Material and Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. Pursuant to Chapter 14A of the HKSE Listing Rules, Haihui Company is a connected subsidiary of the Company and hence a connected person of the Company, the transactions contemplated under the Network Cargo Transportation Service Contract thus constitute continuing connected transactions for the Company. For details, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company respectively on 28 January 2022. According to the SSE Listing Rules, Haihui Company is not a connected party of the Company, and hence the above-mentioned transactions do not constitute connected transactions for the Company as prescribed under the SSE Listing Rules.

On 29 December 2022, the Company and Haihui Company entered into the Supply Chain Logistic Transportation Service Contract for 2023, with a validity period from 1 January 2023 to 31 December 2023. Pursuant to the contract, Haihui Company will provide supply chain logistic transportation service for the Group's cement, clinker, aggregate and other products and the aggregate contract amount shall not exceed RMB1 billion.

The contract price of the Supply Chain Logistic Transportation Service Contract was mainly determined after taking into account the reasonable estimation of the required transportation volume (with reference to the production and transportation volume of various products in the previous year) according to the Group's production plans for cement, clinker, aggregate and other products for the year of 2023, and the transportation unit price of various types of products, as determined through open tender via Haihui Company to be conducted by the relevant subsidiaries of the Company. During the process of open tender via Haihui Company, the relevant subsidiaries of the Company shall, based on factors including the quantity of consigned products, mode of transportation and transportation distance, review and compare the transportation quotations offered by not less than three independent third party qualified carriers who submitted a bid; and the bidder who offered the lowest price shall be selected. The relevant subsidiaries of the Company may further negotiate with the successful bidder on an arm's length basis, with the aim to further lower the transportation unit price as quoted in the successful bid. In addition, the maximum aggregate transaction amount under the Supply Chain Logistic Transportation Service Contract was determined with reference to the historical transaction amount for provision of network cargo transportation service to the Group by Haihui Company under the Network Cargo Transportation Service Contract in 2022.



7. Significant Events

For details of the above, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company respectively on 29 December 2022.

(5) *Transactions with Conch IT Engineering – intelligent and information system operation and maintenance service*

On 30 May 2022, the Company and Conch IT Engineering entered into the Intelligent and Information System Operation and Maintenance Contract, with a validity period from 30 May 2022 to 30 May 2023. Pursuant to the contract, Conch IT Engineering shall provide system platform, ancillary hardware and internet resources and operation and maintenance services for certain subsidiaries of the Company with a contract price not exceeding RMB54.09 million, of which the maximum transaction amount from 30 May 2022 to 31 December 2022 is RMB31.5525 million, and the maximum transaction amount from 1 January 2023 to 30 May 2023 is RMB22.5375 million.



7. Significant Events

The contract price of the Intelligent and Information System Operation and Maintenance Contract was determined mainly on a cost plus reasonable profit margin basis and was agreed by both parties after arm's length negotiation. In particular, the cost of the software and hardware of the systems was determined through open tender conducted by Conch IT Engineering or with reference to the market prices of similar products. The profit margin thereof was determined mainly with reference to the prices of similar transactions between the Group and Conch IT Engineering in the past, as well as the fees charged for intelligent and informatization projects in the industry. The base profit margin is 10% of the cost of the software and hardware of the systems. In view of previous cooperation between the Company and Conch IT Engineering, after negotiations between the parties, the profit margin will be subject to appropriate downward adjustment below the 10% base profit margin. The overall profit margin charged by Conch IT Engineering under the contract will not be higher than 10% of the costs of the hardware and software of the systems.

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Intelligent and Information System Operation and Maintenance Contract was RMB23.2160 million.

Conch IT Engineering is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Accordingly, Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Intelligent and Information System Operation and Maintenance Contract constitute continuing connected transactions for the Company under Chapter 14A of the HKSE Listing Rules. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 30 May 2022 and 6 July 2022, respectively. According to the SSE Listing Rules, Conch IT Engineering is also a connected party of the Company, and the above transactions also constitute connected transactions for the Company under its definition. However, since the total amount of the contract and the other two contracts entered into between the Company and Conch IT Engineering on 30 May 2022 (as disclosed below) has not reached 0.5% of the latest audited net assets of the Company, the Company is not required to publish an ad hoc announcement for the said connected transactions on the website of the SSE.



7. Significant Events

2. Transactions with Conch IT Engineering – equipment supply and software design service and system design and technical service

On 30 May 2022, the Company and Conch IT Engineering entered into the Intelligent and Informatization Project Equipment Supply and Software Design Contract, pursuant to which Conch IT Engineering shall supply equipment and provide software design services for the intelligent and informatization projects of certain subsidiaries of the Company. The contract price amounted to RMB238.31 million. On the same day, the Company and Conch IT Engineering entered into the Production Process Control and Quality Management System Design and Technical Service Contract, pursuant to which Conch IT Engineering shall provide design and technical services for the production process control system software, sales and product dispatch system, production data uploading and quality management system of the clinker production lines, grinding stations, aggregate, commodity concrete and technology modification projects of certain subsidiaries of the Company. The contract price amounted to RMB32 million.

The contract price of the Intelligent and Informatization Project Equipment Supply and Software Design Contract was determined mainly on a cost plus reasonable profit margin basis and was agreed by both parties after arm's length negotiation. In particular, the cost of the software and hardware of the systems of the contract was determined through open tender or with reference to the market prices of similar products. The profit margin thereof was determined mainly with reference to the prices of similar transactions between the Group and Conch IT Engineering in the past, as well as the fees charged for intelligent and informatization projects in the industry. The base profit margin is 10% of the cost of the software and hardware of the systems. In view of previous cooperation between the Company and Conch IT Engineering, after negotiations between the parties, the profit margin will be subject to appropriate downward adjustment below the 10% base profit margin. The overall profit margin charged by Conch IT Engineering under the contract will not be higher than 10% of the costs of the hardware and software of the systems.



7. Significant Events

The contract price of the Production Process Control and Quality Management System Design and Technical Service Contract was determined in accordance with the Notice on the Publication of Components of Construction and Installation Project Fee (《關於印發<建築安裝工程費用項目組成>的通知》) (Jianbiao [2013] No. 44) issued by the Ministry of Housing and Urban-Rural Development and the Ministry of Finance of the PRC, and the Construction Project Quantity List Pricing Specification (《建設工程工程量清單計價規範》) (GB50500-2013) issued by the Ministry of Housing and Urban-Rural Development of the PRC, as well as the project scale, investment amount, scope of design, technical requirements and prevailing market price, and with reference to the prices of previous similar transactions between the Group and Conch IT Engineering, and was agreed by both parties after arm's length negotiation.

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Intelligent and Informatization Project Equipment Supply and Software Design Contract between the Company and Conch IT Engineering was RMB14.0096 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transaction relating to intelligent and informatization equipment supply and software design between the Company and Conch IT Engineering during the Reporting Period amounted to RMB101.1111 million. During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Production Process Control and Quality Management System Design and Technical Service Contract was RMB787,000. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transaction relating to production process control and quality management system design and technical service between the Company and Conch IT Engineering during the Reporting Period amounted to RMB35.7459 million.



7. Significant Events

Conch IT Engineering is a wholly-owned subsidiary of Conch Holdings and an associate of Conch Holdings, hence a connected person of the Company. The transactions contemplated under the Intelligent and Informatization Project Equipment Supply and Software Design Contract and the Production Process Control and Quality Management System Design and Technical Service Contract constitute connected transactions for the Company under Chapter 14A of the HKSE Listing Rules. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 30 May 2022 and 6 July 2022, respectively. According to the SSE Listing Rules, Conch IT Engineering is also a connected party of the Company, and the transactions contemplated under the above two contracts also constitute connected transactions for the Company under its definition. However, since the total amount of the two contracts and the Intelligent and Information System Operation and Maintenance Contract entered into between the Company and Conch IT Engineering on 30 May 2022 (as disclosed above) has not reached 0.5% of the latest audited net assets of the Company, the Company is not required to publish an ad hoc announcement for the said connected transactions on the website of SSE.

3. Transactions with Conch Design Institute – engineering project design and technology services and SCR denitration technology modification service

(1) *Engineering project design and technology services*

On 29 April 2022, the Company and Conch Design Institute entered into the Engineering Project Design and Technology Service Contract, pursuant to which Conch Design Institute agreed to provide engineering design and technology modification services for the clinker production lines, cement grinding stations, aggregate, manufactured sand and overall energy efficiency enhancement projects of certain subsidiaries of the Company. The contract price amounted to RMB193.68 million.

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



7. Significant Events

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the Engineering Project Design and Technology Service Contract was RMB42.1275 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to engineering project design and technology services between the Group and Conch Design Institute during the Reporting Period amounted to RMB80.5818 million.

(2) SCR denitration technology modification service

On 29 April 2022, the Company and Conch Design Institute entered into the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract, pursuant to which Conch Design Institute agreed to provide engineering design and equipment supply services for the SCR denitration technology modification projects for the clinker production lines of certain subsidiaries of the Company. The contract price amounted to RMB127.5 million.

The contract price of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was determined with reference to the requirements of the Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) jointly promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC, as well as the project scale, scope of design, technology indicators, the market prices for SCR denitration technology modification services, and agreed between both parties on the basis of equality and mutual benefit. The Company had also made enquiries and comparisons of prices offered by independent third parties and the price offered to the Company by Conch Design Institute has significant price advantage.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was RMB85.455 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to SCR denitration technology modification services between the Company and Conch Design Institute during the Reporting Period amounted to RMB259 million.



7. Significant Events

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings. Pursuant to the HKSE Listing Rules, Conch Design Institute is an associate of Conch Holdings and therefore is a connected person of the Company. The transactions contemplated under the Engineering Project Design and Technology Service Contract and the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract constituted connected transactions for the Company. Pursuant to Rule 14A.81 of the HKSE Listing Rules, the transactions contemplated under the above two contracts (together with previous transactions conducted within 12 months) shall be aggregated as if they were one transaction as they were all entered into within a 12-month period by the Company with the same party. For details, please refer to the announcement published by the Company on the website of the Stock Exchange and the website of the Company on 29 April 2022. Pursuant to the SSE Listing Rules, Conch Design Institute is also a connected party of the Company and the transactions under the above two contracts also constituted connected transactions. However, since the total accumulated amount of the contracts (including the above two contracts) entered into between the Group and Conch Design Institute during a consecutive of 12 months has not reached 0.5% of the latest audited net assets of the Company, the Company is not required to publish an ad hoc announcement for the said connected transactions on the website of the SSE.

Confirmation by independent non-executive Directors on connected transactions

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

In respect of the continuing connected transactions disclosed above (the "Transactions"), KPMG has taken the necessary procedures and issued a letter to the Board (who has confirmed the receipt of the letter), stating that: nothing has come to their attention that causes them to believe that the Transactions (1) have not been approved by the Board; (2) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (4) have exceeded the cap(s) of each of the Transactions.

7. Significant Events

In respect of the above material connected transactions of the Group during the Reporting Period, the Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the HKSE Listing Rules.

(11) MATERIAL CONTRACTS

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

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its controlled subsidiaries and invested companies in aggregate amounted to RMB1,520.14 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	Basu Conch Cement Co., Ltd.	70%	70,000	1 year	2022.1.5	Agricultural Development Bank of China
2	PT Conch Cement Indonesia	75%	215,900 (US\$31 million)	1 year	2022.3.1	Bank of China (Hong Kong) Limited
3	PT Conch North Sulawesi Cement	100%	452,700 (US\$65 million)	1 year	2022.5.16	Sumitomo Mitsui Banking Corporation, Jakarta Branch
4	Papua Cement	49%	341,270 (US\$49 million)	2 years	2022.8.22	Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch
5	PT Conch Cement Indonesia	75%	341,270 (US\$49 million)	13 months	2022.9.19	Sumitomo Mitsui Banking Corporation, Jakarta Branch
6	Wuhu Southeast Asia International Trading Co., Ltd.	55%	99,000	2 years	2022.11.25	China Minsheng Bank, Wuhu Branch
Total			1,520,140			



7. Significant Events

Notes:

1. The Company provided guarantees for PT Conch Cement Indonesia on a 100% basis, and other minority shareholders pledged their equity interest or provided counter-guarantee to the Company based on their shareholdings; the Company provided guarantees for Basu Conch Cement Co., Ltd., PT Conch North Sulawesi Cement, Papua Cement and Wuhu Southeast Asia International Trading Co., Ltd. based on its shareholding ratio.
2. The RMB amount of the guarantee provided by the Company for US\$ loans is converted at the mid-point price of the US\$/RMB exchange rate published by the People's Bank of China on the last trading day of 2022.

During the Reporting Period, the guarantees provided by the Company for its subsidiaries in aggregate amounted to RMB1,178.87 million, and the guarantees provided by the Company for joint ventures amounted to RMB341.27 million in total.

As at the end of the Reporting Period, the balance of the Company's external guarantees (including guarantees to subsidiaries and joint ventures) amounted to RMB1,860.28 million and USD559.11 million, equivalent to a total of RMB5,754.22 million, and balance of guarantees provided by its subsidiaries for subsidiaries within the scope of the consolidated financial statements amounted to RMB3,284.84 million with a total guarantee amount of RMB9,039.06 million, representing 4.92% of the net assets of the Group as at the end of the Reporting Period, which did not exceed 50%. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB8,186.32 million and that for its joint ventures was RMB852.74 million.

During the Reporting Period, guarantees provided by the Company for companies with a gearing ratio of over 70% amounted to RMB1,351.13 million.

As at the end of the Reporting Period, save for providing guarantees to a joint venture cum a related party, Papua Cement, the Company did not provide any guarantee for its controlling shareholder, de facto controllers, other related parties and any non-legal person entities or individuals. Save for the guarantees disclosed above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

7. Significant Events

(12) FINANCIAL ENTRUSTMENT AND LOAN ENTRUSTMENT

1. Financial entrustment

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

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Performance		Actual income (RMB'000)
						comparison benchmark	Status of Recovery	
1	CCB Wealth Management Co., Ltd.	2 April 2021	30 March 2022	CCB Wealth Management Institutions Exclusive "Pengxin" Fixed Income Close-ended Products 2021 Tranche 31	1.0	4.51%	Recovered	44,853.0
2	SPD Bank Wuhu Sub-branch	2 April 2021	21 December 2022	SPD Bank Qiming Series Wealth Management Plan Tranche 2105	0.5	5.27%	Recovered	45,336.4
3	HSBank Wealth Management Co., Ltd.	2 April 2021	7 April 2023	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210080	0.5	5.40%	Not expired	/
4	CMB Wealth Management Company Limited	27 April 2021	15 June 2022	CMB Wealth Management Zhaorui Jinshi Series No. 86736 Close-ended Wealth Management Plan	0.5	4.55%	Recovered	25,562.1
5	HSBank Wealth Management Co., Ltd.	28 April 2021	16 June 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210081	1.0	4.60%	Recovered	52,176.0
6	BOC Wealth Management Co., Ltd.	28 April 2021	1 July 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close-ended) 2021 Tranche 64	1.5	4.35%	Recovered	69,889.5



7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Performance		Actual income (RMB'000)
						comparison benchmark	Status of Recovery	
7	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210098	0.5	4.39%	Recovered	22,371.0
8	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210103	0.5	4.39%	Recovered	22,371.0
9	BOC Wealth Management Co., Ltd.	2 June 2021	6 June 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close-ended) 2021 Tranche 91	0.4	4.20%	Recovered	11,914.0
10	CMB Wealth Management Company Limited	9 June 2021	14 June 2023	CMB Wealth Management Zhaorui Selected High Yield No. 12 Close-ended Fixed Income Wealth Management Plan	0.9	5.70%	Not expired	/
11	Industrial Wealth Management Co., Ltd.	9 June 2021	9 June 2022	Industrial Wealth Management Golden Snowball Gain Accumulating Net Worth Wealth Management Product 2021 Tranche 2	0.6	4.60%	Recovered	27,978.0
12	HSBank Wealth Management Co., Ltd.	2 September 2021	10 March 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210124	0.5	3.95%	Recovered	10,227.0
13	HSBank Wealth Management Co., Ltd.	2 September 2021	7 September 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210132	0.5	4.23%	Recovered	21,439.5

7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Performance			Actual income (RMB'000)
					Amount (RMB in billion)	comparison benchmark	Status of Recovery	
14	CCB Wealth Management Co., Ltd.	1 September 2021	28 February 2022	CCB Wealth Management Institutions Exclusive "Jiaxin" Fixed Income Close-Ended Products 2021 Tranche 100	0.5	3.70%	Recovered	9,174.0
15	Industrial Wealth Management Co., Ltd.	11 October 2021	13 June 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang Net Worth Wealth Management product 2021 Tranche 35	1.0	4.05%	Recovered	29,210.0
16	Industrial Wealth Management Co., Ltd.	11 October 2021	10 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang Net Worth Wealth Management product 2021 Tranche 37	1.0	4.45%	Recovered	48,170.0
17	Industrial Wealth Management Co., Ltd.	27 October 2021	24 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang Net Worth Wealth Management product 2021 Tranche 40	2.5	4.47%	Recovered	111,400.0
18	CCB Wealth Management Co., Ltd.	30 December 2021	26 December 2024	CCB Wealth Management Institutions Exclusive "Ruixin" Fixed Income Close-ended Products 2021 Tranche 34	1.0	5.66%	Not expired	/

Note: Item 2 wealth management product in relation to the SPD Bank Qiming Series Wealth Management Plan Tranche 2105 in the above table originally expired on 30 March 2023. However, due to the early repayment of the principal by the underlying assets invested by this wealth management product, and in order to safeguard the rights and interests of investors, the SPD Bank terminated the operation of this wealth management product in advance on 21 December 2022. Therefore, the Company redeemed this wealth management product in advance on 22 December 2022. For details, please refer to the Announcement in relation to the Early Redemption of Entrusted Wealth Management Product (Provisional 2022-43) published by the Company on 24 December 2022 on the website of the SSE.

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



7. Significant Events

2. Loan entrustment

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

On 22 October 2020, Jiande Conch entered into an entrusted loan contract with Chengli Building Material, pursuant to which, Jiande Conch continued to provide entrusted loan in the amount of RMB27.96 million to Chengli Building Material through Shouchang Sub-branch of Jiande Rural Commercial Bank and Chengli Building Material completed the registration of real estate mortgage. The loan has a term from 22 October 2020 to 21 October 2023 with an interest rate of 4.75% per annum settled on a quarterly basis. Chengli Building Material has repaid the loan principal of RMB8.16 million and RMB6.8896 million in advance on 17 December 2021 and 9 December 2022, respectively. As at the end of the Reporting Period, the outstanding principal amounted to RMB12.9104 million.

- (2) In June 2022, the Company provided entrusted loans in the amount of not more than RMB10 billion to Fengkai Conch Transportation Investment Green Construction Material Co., Ltd., a controlling subsidiary of the Company, through Wuhu Zheshan Branch of Industrial and Commercial Bank of China Limited. The cooperative shareholder Zhaoqing Transportation Investment Mining Co., Ltd., provided counter-guarantee by pledging its 32% equity. The loan has a term from 15 June 2022 to 31 October 2026 with an interest rate of 4.65% per annum. As at the end of the Reporting Period, the outstanding principal amounted to RMB7.325 billion.

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

8. Changes in Shareholdings and Shareholders

(1) TOTAL NUMBER OF SHARES AND THE SHAREHOLDING STRUCTURE

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

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

(2) SUMMARY OF TRADING OF THE COMPANY'S SHARES IN 2022

	A Share/RMB	H Share/HK\$
Opening price on the first trading day of the year	40.46	39.40
Closing price on the last trading day of the year	27.38	27.30
Highest trading price during the year	44.50	45.60
Lowest trading price during the year	24.08	20.10

8. Changes in Shareholdings and Shareholders

(3) SHAREHOLDERS

- 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.
- As at 31 December 2022, the shareholdings of the top ten registered shareholders of the Company are set out as follows:

Name of shareholder	Nature of shareholder	Change during the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged, marked or frozen Status	Number of shares (share)
1. 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



8. Changes in Shareholdings and Shareholders

Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, mark or, 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 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.
3. As at 31 December 2022, the following persons (other than the Directors, Supervisors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:



8. Changes in Shareholdings and Shareholders

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) ^(Note 1)	Beneficial owner	48.23% ^(Note 2)
Anhui Provincial Investment Group Holding Co., Ltd.	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Conch Venture Property	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Conch Venture	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Taiwan Cement Corporation	116,568,000 H Shares (long position) ^(Note 4)	Interest of a controlled corporation	8.97% ^(Note 3)
Citigroup Inc.	93,232,603 H Shares (long position) ^(Note 5)	Interest of controlled corporation/Approved Lending Agent	7.17% ^(Note 3)
Citigroup Inc.	7,198,671 H Shares (short position) ^(Note 5)	Interest of a controlled corporation	0.55% ^(Note 3)
BlackRock, Inc.	73,583,385 H Shares (long position) ^(Note 6)	Interest of a controlled corporation	5.66% ^(Note 3)
BlackRock, Inc.	2,213,000 H Shares (short position) ^(Note 6)	Interest of a controlled corporation	0.17% ^(Note 3)
Artisan Partners Asset Management Inc.	65,320,500 H Shares (long position) ^(Note 7)	Interest of a controlled corporation	5.03% ^(Note 3)
Artisan Partners Holdings LP	65,320,500 H Shares (long position) ^(Note 7)	Interest of a controlled corporation	5.03% ^(Note 3)
Artisan Partners Limited Partnership	65,320,500 H Shares (long position) ^(Note 7)	Investment manager	5.03% ^(Note 3)

8. Changes in Shareholdings and Shareholders

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares accordingly.
- (5) Based on the disclosure of interests form submitted by Citigroup Inc. on 30 December 2022 in respect of the relevant event that occurred on 27 December 2022, these shares were held through certain subsidiaries of Citigroup Inc.. Of the 93,232,603 H Shares (long position), 5,313,937 shares were held in the capacity of interest of a controlled corporation; 87,918,666 shares (securities in lending pool) were held in the capacity of approved lending agent. 7,198,671 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (6) Based on the disclosure of interests form submitted by BlackRock, Inc. on 28 December 2022 in respect of the relevant event that occurred on 26 December 2022, these shares were held through certain subsidiaries of BlackRock, Inc. in the capacity of interest of a controlled corporation.
- (7) Based on the disclosure of interests forms submitted by Artisan Partners Asset Management Inc. (“APAM”), Artisan Partners Holdings LP (“AP Holdings”) and Artisan Partners Limited Partnership (“APLP”) respectively on 3 March 2022 in respect of the relevant event that occurred on 28 February 2022, these shares were held by APLP in the capacity of an investment manager. APLP is wholly owned by AP Holdings and AP Holdings is in turn wholly owned by APAM. Pursuant to the SFO, AP Holdings and APAM were deemed to have interests in the entire number of shares of the Company held by APLP.

Save for the aforesaid shareholders, as at 31 December 2022, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to section 336 of the SFO.



8. Changes in Shareholdings and Shareholders

4. Information on the controlling shareholder of the Company

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

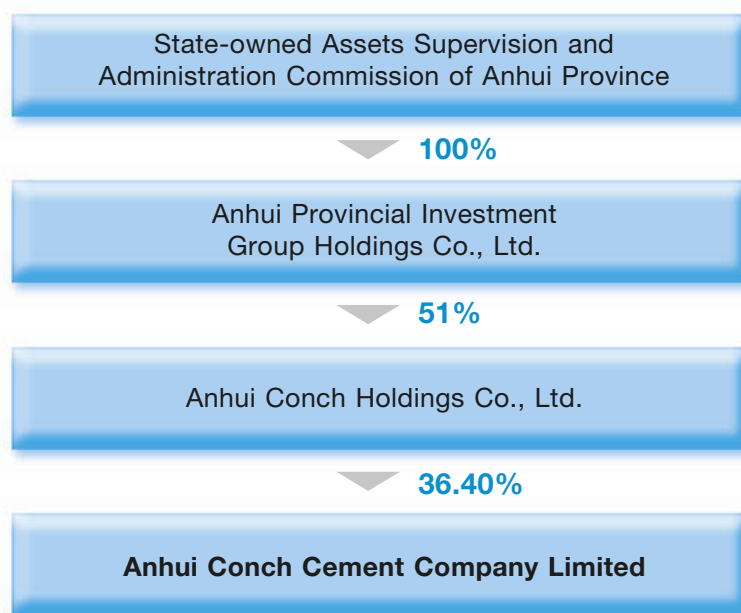
As at the end of the Reporting Period, Conch Holdings was also the controlling shareholder of Conch New Material with a direct equity shareholding of 30.63%. During the Reporting Period, there was no change of the controlling shareholder of the Company.



8. Changes in Shareholdings and Shareholders

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

Anhui Provincial Investment Group is a wholly state-owned company with limited liability under the State-owned Assets Supervision and Administration Commission of Anhui Province ("Anhui SASAC"), and accordingly, Anhui SASAC is the de facto controller of the Company. As at 31 December 2022, the shareholding relationship structure among Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:



6. Public float

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



8. Changes in Shareholdings and Shareholders

(4) PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 December 2022, neither the Company nor its subsidiaries purchased, sold or redeemed any listed shares of the Company.

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

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

(6) TRANSACTIONS IN RESPECT OF ITS OWN SECURITIES

During the year ended 31 December 2022, the Group had neither issued nor granted any shares, securities, convertible securities, options, warrants or other similar rights. In addition, as at the end of the Reporting Period, the Group had no redeemable securities.

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

During the year ended 31 December 2022, holders of the Company's listed securities were not entitled to any tax relief and exemptions by virtue of their holdings of such securities under their legal status of the PRC.

9. Information on Bonds

(1) CORPORATE BONDS

1. General information on corporate bonds

During the Reporting Period, 2012 Corporate Bonds of Anhui Conch Cement Company Limited with a maturity of 10 years (abbreviation of the bonds: 12 Conch 02; bond code: 122203) were due on 7 November 2022, and the principal amount and interest were fully paid. For details, please refer to the announcement published by the Company on the website of SSE on 25 October 2022.

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

2. Intermediaries providing service for the issuance and duration of corporate bonds

Trustee of 2012 Corporate Bonds	Name	Zhong De Securities Company Limited
	Business address	23rd Floor, Deutsche Bank Building, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Contact person	Liu Tianyu
	Telephone	010-5902 6637
Credit Rating Agency of 2012 Corporate Bonds	Name	China Chengxin International Credit Rating Co., Ltd.
	Business address	60101, Building 1, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing

3. Use of proceeds from issuance of corporate bonds

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB6.0 billion by the Company in 2012 amounted to RMB5,995.24 million. Pursuant to the committed purposes and application plan as stipulated in the prospectus, all the proceeds were utilized in 2013, of which RMB3,000 million was used to replenish its working capital and RMB2,995.24 million was used to repay loans.



9. Information on Bonds

4. Credit rating agency and rating tracking of corporate bonds

According to the credit rating notice (Xinpingweihanzi [2022] tracking No.0329) and rating tracking report issued by China Chengxin International Credit Rating Co., Ltd. (“China Chengxin International”) on 25 May 2022, by tracking and analyzing the credit rating of the Company and 12 Conch 02, and as considered and determined by the credit rating committee of China Chengxin International, China Chengxin International maintained the Company’s subject credit rating of AAA with stable rating outlook, and also maintained the credit rating of its 12 Conch 02 of AAA. The rating tracking report was published on the website of the SSE on 25 May 2022.

5. Credit enhancement mechanism and debt repayment plan of the corporate bonds for the Reporting Period

During the Reporting Period, Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for 12 Conch 02. The debt repayment plan for 12 Conch 02 is as follows:

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

During the Reporting Period, the Company strictly executed the aforesaid debt repayment plan, and paid the principal amount and interest of 12 Conch 02 as scheduled, protecting the interests of the creditors of the Company.

9. Information on Bonds

(2) DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES ON THE INTER-BANK BOND MARKET

During the Reporting Period, in order to meet its operational and development needs, further broaden financing channels, reduce financing costs and optimize its debt structure, upon the approval of the Board and the general meeting of the Company, the Company applied to the National Association of Financial Market Institutional Investors of the PRC (the “NAFMII”) for registration of issuing medium-term notes of not more than RMB10 billion (inclusive). In October 2022, the NAFMII agreed to accept the Company’s registration for the issuance of the medium-term notes, with a total registration amount of RMB10 billion. The registration amount will be valid for two years from 14 October 2022. As at the date of the approval of this report, the Company had not issued the medium-term notes. The Company will appropriately issue the notes within the validity period of the registration in accordance with relevant requirements and based on the market condition and the needs of the Company.

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

Major indicators	31 December 2022	31 December 2021	Change as at the end of the year as compared to that at the end of the previous year	Reason for the change
Current ratio (%)	298.04	378.30	Decreased by 80.26 percentage points	Increase in the balance of liabilities as compared to those at the beginning of the year as a result of the optimization of the structure of assets and liabilities.
Quick ratio (%)	265.21	348.02	Decreased by 82.81 percentage points	Increase in the balance of liabilities as compared to those at the beginning of the year as a result of the optimization of the structure of assets and liabilities.
Gearing ratio (%)	19.67	16.78	Increased by 2.89 percentage points	Increase in the balance of liabilities as compared to those at the beginning of the year as a result of the optimization of the structure of assets and liabilities.



9. Information on Bonds

Major indicators	2022	2021	Change for the year as compared to the previous year	Reason for the change
Net profit after extraordinary items attributable to equity shareholders of the Company (RMB'000)	15,035,746	31,375,335	-52.08	Due to the decline in the cement market demand, the year-on-year decreases in the sales price and sales volume of the Company's cement products, and the year-on-year increase in the Company's product costs caused by the increase in coal prices and electricity prices.
Interest coverage ratio	35.94	133.13	-73.00	Due to the year-on-year decrease in profit before taxation and the year-on-year increase in interest expenses for the year.
Cash interest coverage ratio	16.85	101.52	-83.40	Due to the year-on-year increase in interest expenses for the year and the year-on-year decrease in cash flow from operating activities.
EBITDA interest coverage ratio	47.71	150.97	-68.40	Due to the year-on-year decrease in profit before taxation and the year-on-year increase in interest expenses for the year.
EBITDA/total debts ratio	0.57	1.30	-56.27	Due to the year-on-year decrease in profit before taxation and the year-on-year increase in total liabilities.
Loan repayment rate (%)	100	100	-	-
Interest payment ratio (%)	100	100	-	-

(4) OTHER INFORMATION

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

10. INDEPENDENT AUDITOR'S REPORT



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

OPINION

We have audited the consolidated financial statements of Anhui Conch Cement Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 175 to 399, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

10. INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Revenue recognition

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

The Key Audit Matter	How the matter was addressed in our audit
<p>The principal activities of the Group are the manufacture, sale and trading of clinker and cement products and other materials.</p> <p>The Group recognized revenue from the sales and trading of clinker and cement products and trading of materials and other materials of RMB128,882,781 thousand for the year ended 31 December 2022.</p> <p>Revenue from sales and trading of clinker and cement products and other materials is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products leave the Group's own warehouses or designated warehouses, or when other materials are delivered to customers and the Group obtain the notes of goods transfer, in accordance with the terms of the sales contracts. In respect of the trading business, the Group acts as a principal, and presents revenue on a gross basis.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;• inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;• understanding the Group's business substance of trading business and inspecting supplier and customer contracts, on a sample basis, to identify terms and conditions relating to the Group's control over the products purchased before sales recognition and assess the Group's justification of presenting the related revenue on a gross basis with reference to the requirements of prevailing accounting standards;

10. INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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



10. INDEPENDENT AUDITOR'S REPORT

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

10. INDEPENDENT AUDITOR'S REPORT

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

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

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

10. INDEPENDENT AUDITOR'S REPORT

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
27 March 2023

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

Consolidated statement of profit or loss for the year ended 31 December 2022

(Expressed in Renminbi Yuan ("RMB"))

	Note	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Revenue	5	132,021,554	167,959,693
Cost of sales and services rendered		(104,830,600)	(119,392,731)
Gross profit		27,190,954	48,566,962
Other income	6	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		(2,011,317)	(1,327,247)
Profit from operations		20,091,734	43,824,918
Finance costs	7(a)	(524,630)	(333,671)
Share of profits of associates		402,632	385,331
Share of profits of joint ventures		262,376	272,780
Profit before taxation	7	20,232,112	44,149,358
Income tax	8(b)	(3,874,759)	(9,949,426)
Profit for the year		16,357,353	34,199,932

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of profit or loss for the year ended 31 December 2022 (continued)

(Expressed in Renminbi Yuan ("RMB"))

	Note	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Attributable to:			
Equity shareholders of the Company		15,860,553	33,301,181
Non-controlling interests		496,800	898,751
Profit for the year		16,357,353	34,199,932
Earnings per share			
	12		
– Basic		RMB 2.99	RMB 6.28
– Diluted		RMB 2.99	RMB 6.28

The notes on pages 186 to 399 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 39(b).

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

(Expressed in Renminbi Yuan ("RMB"))

	Note	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Profit for the year		16,357,353	34,199,932
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
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		14,030	(71,577)
Other comprehensive income for the year		(3,237,499)	(110,179)
Total comprehensive income for the year		13,119,854	34,089,753

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 (continued)

(Expressed in Renminbi Yuan ("RMB"))

	Note	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Attributable to:			
Equity shareholders of the Company		12,575,713	33,224,062
Non-controlling interests		544,141	865,691
Total comprehensive income for the year		13,119,854	34,089,753

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of financial position

(Expressed in Renminbi Yuan)

	Note	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
Non-current assets					
Property, plant and equipment					
– Investment properties	13		73,409		76,357
– Other property, plant and equipment	14		97,721,643		80,997,147
Intangible assets	15		24,638,108		11,736,339
Goodwill	16		1,145,964		876,038
Interest in an associate	18		4,745,760		3,528,022
Interests in joint ventures	19		2,046,895		2,034,682
Loans and receivables	20		292,657		451,367
Long-term prepayments	21		2,328,969		2,203,340
Financial assets measured at fair value through profit and loss (“FVPL”)	25		1,001,300		2,972,650
Financial assets measured at FVOCI	22		2,325,186		869,903
Deferred tax assets	38(b)		1,248,931		758,062
			137,568,822		106,503,907
Current assets					
Inventories	23		11,678,994		9,896,172
Trade and bills receivables	24		16,957,929		14,582,378
Financial assets measured at fair value through profit and loss (FVPL)	25		10,754,921		24,278,570
Prepayments and other receivables	26		7,874,486		4,902,624
Amounts due from related parties	27		663,626		597,677
Tax recoverable	38(a)		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	28		16,158,423		17,397,537
			106,407,600		124,051,775

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000	RMB'000
				(restated)	(restated)
				(Note 4(b))	(Note 4(b))
Current liabilities					
Trade and bills payables	29	6,659,874		6,598,773	
Other payables and accruals	30	11,283,855		10,737,565	
Current portion of long-term payables	36	65,013		62,585	
Contract liabilities	31	3,564,849		3,246,461	
Bank loans and other borrowings	32	12,300,541		8,023,576	
Lease liabilities	35	24,869		21,130	
Amounts due to related parties	27	901,609		420,853	
Current taxation	38(a)	770,634		3,565,616	
			35,571,244		32,676,559
Net current assets					
			70,836,356		91,375,216
Total assets less current liabilities					
			208,405,178		197,879,123
Non-current liabilities					
Bank loans and other borrowings	33(a)	9,688,651		3,747,695	
Lease liabilities	35	56,049		49,647	
Long-term payables	36	311,033		356,363	
Deferred income	37	748,696		714,166	
Deferred tax liabilities	38(b)	1,691,864		1,272,365	
			12,496,293		6,140,236
NET ASSETS					
			195,908,885		191,738,887

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
CAPITAL AND RESERVES					
Share capital	39(c)		5,299,303		5,299,303
Reserves			178,263,329		178,302,282
Total equity attributable to equity shareholders of the Company			183,562,632		183,601,585
Non-controlling interests			12,346,253		8,137,302
TOTAL EQUITY			195,908,885		191,738,887

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

Yang Jun
Director

Li Qunfeng
Director

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2022

(Expressed in Renminbi Yuan)

	Note	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January													
2022, as restated		5,299,303	9,990,385	300,514	(278,838)	2,649,654	250,073	(46,852)	-	165,437,346	183,601,585	8,137,302	191,738,887
Changes in equity for 2022:													
Profit for the year		-	-	-	-	-	-	-	-	15,860,553	15,860,553	496,800	16,357,353
Other comprehensive income	11	-	-	-	(368,835)	-	(2,930,035)	14,030	-	-	(3,284,840)	47,341	(3,237,499)
Total comprehensive income		-	-	-	(368,835)	-	(2,930,035)	14,030	-	15,860,553	12,575,713	544,141	13,119,854
Acquisition of subsidiaries under common control	4(b)	-	(53,383)	-	-	-	-	-	-	-	(53,383)	-	(53,383)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(411,072)	(411,072)
Dividends approved in respect of the previous year	39(b)(ii)	-	-	-	-	-	-	-	-	(12,612,340)	(12,612,340)	-	(12,612,340)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	-	-	696,199	696,199
Acquisition of subsidiary with non-controlling interests	4(a)	-	-	-	-	-	-	-	-	-	-	3,495,872	3,495,872
Acquisition of non-controlling interests		-	(29,958)	-	-	-	-	-	-	-	(29,958)	(116,189)	(146,147)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	-	1,928,087	-	-	(1,928,087)	-	-	-
Share of change of capital reserve of investees		-	-	81,015	-	-	-	-	-	-	81,015	-	81,015
Safety production fund	39(d)(iv)	-	-	-	-	-	-	-	168,085	(168,085)	-	-	-
Balance at 31 December													
2022		5,299,303	9,907,044	381,529	(647,673)	2,649,654	(751,875)	(32,822)	168,085	166,589,387	183,562,632	12,346,253	195,908,885

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2022 (continued)

(Expressed in Renminbi Yuan)

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2020, as previously reported		5,299,303	10,418,351	239,054	(215,980)	2,649,654	210,483	24,725	143,402,155	162,027,745	6,433,974	168,461,719
Acquisition of subsidiaries under common control		-	21,668	-	-	-	-	-	1,971	23,639	8,993	32,632
Balance at 1 January 2021, as restated		5,299,303	10,440,019	239,054	(215,980)	2,649,654	210,483	24,725	143,404,126	162,051,384	6,442,967	168,494,351
Changes in equity for 2021:												
Profit for the year		-	-	-	-	-	-	-	33,301,181	33,301,181	898,751	34,199,932
Other comprehensive income	11	-	-	-	(62,858)	-	57,316	(71,577)	-	(77,119)	(33,060)	(110,179)
Total comprehensive income		-	-	-	(62,858)	-	57,316	(71,577)	33,301,181	33,224,062	865,691	34,089,753
Acquisition of subsidiaries under common control		-	(443,211)	-	-	-	-	-	-	(443,211)	-	(443,211)
Dividends declared by subsidiaries under common control		-	-	-	-	-	-	-	(51,166)	(51,166)	-	(51,166)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	-	(610,798)	(610,798)
Dividends approved in respect of the previous year	39(b)(ii)	-	-	-	-	-	-	-	(11,234,521)	(11,234,521)	-	(11,234,521)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	-	1,063,880	1,063,880
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	-	457,414	457,414
Acquisition of non-controlling interests		-	(6,423)	-	-	-	-	-	-	(6,423)	(81,852)	(88,275)
Liquidation of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	-	-	-
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	-	(17,726)	-	17,726	-	-	-
Share of change of capital reserve of investees		-	-	61,460	-	-	-	-	-	61,460	-	61,460
Balance at 31 December 2021, as restated		5,299,303	9,990,385	300,514	(278,838)	2,649,654	250,073	(46,852)	165,437,346	183,601,585	8,137,302	191,738,887

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2022

(Expressed in Renminbi Yuan)

	Note	2022		2021	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
Operating activities					
Cash generated from operations	28(b)	16,877,734		44,050,083	
Income tax paid		(7,228,466)		(10,154,851)	
Interest paid		(509,842)		(302,817)	
Net cash generated from operating activities			9,139,426		33,592,415
Investing activities					
Payment for the purchase of property, plant and equipment		(14,007,325)		(11,910,287)	
Proceeds from disposal of property, plant and equipment		257,846		614,881	
Proceeds from sale of financial assets measured at FVPL		31,990,558		28,034,942	
Payment for the purchase of intangible assets		(12,638,971)		(3,287,522)	
Payment for the purchase of financial assets measured at FVPL		(16,529,154)		(27,061,138)	
Payment for the purchase of financial assets measured at FVOCI		(5,419,727)		(436,305)	
New advances to government		(306,700)		(72,185)	
Receipts of advances to government		150,420		106,804	
Receipts of advances to related parties		6,890		8,160	
New bank deposits with maturity over three months		(12,736,551)		(18,135,189)	
Proceeds from maturity of bank deposits over three months		23,357,792		11,575,300	
Interest received		1,764,564		2,146,438	
Proceeds from capital reduction of a joint venture		-		51,596	
Proceeds from disposal of an associate		252,761		-	
Payment for investment in associates		(933,466)		(856,291)	
Dividends received from joint ventures		243,828		3,539	
Dividends received from associates		141,008		136,913	
Dividends received from investment in listed equity securities		170,427		1,728	
Payment for acquisitions of subsidiaries		(1,082,262)		(2,613,021)	
Proceeds from the sale of financial assets measured at FVOCI		37,428		27,145	
Net cash used in investing activities			(5,280,634)		(21,664,492)

The notes on pages 186 to 399 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2022 (continued)

(Expressed in Renminbi Yuan)

	Note	2022		2021	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
Financing activities					
Capital and interest element of lease rentals paid	28(c)	(32,273)		(20,816)	
Proceeds from new bank loans and other borrowings	28(c)	14,300,632		3,885,583	
Repayment of bank loans and other borrowings	28(c)	(6,588,724)		(3,617,576)	
Dividends paid to non-controlling interests shareholders of subsidiaries	28(c)	(411,072)		(606,419)	
Dividends paid to equity shareholders of the Company	39(b)	(12,610,413)		(11,229,755)	
Capital contribution from non-controlling interests of shareholders of subsidiaries		696,199		945,400	
Payment for acquisition of subsidiaries under common control		(53,383)		(443,211)	
Other payments related to financing activities	28(c)	(368,434)		(124,582)	
Acquisition of non-controlling interests		(146,147)		(88,275)	
Net cash used in financing activities			(5,213,615)		(11,299,651)
Net increase/(decrease) in cash and cash equivalents			(1,354,823)		628,272
Effect of foreign exchange rate changes			115,709		(50,892)
Cash and cash equivalents at 1 January	28(a)		17,397,537		16,820,157
Cash and cash equivalents at 31 December	28(a)		16,158,423		17,397,537

The notes on pages 186 to 399 form part of these financial statements.

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

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 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 (see note 2(g)); and
- bank acceptance notes receivable measured at FVOCI (recycling) (see note 2(g)(i)).
- structured deposits and wealth management products measured at FVPL (see note 2(g)(i))

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

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

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

In March 2022, the Group entered into an agreement with Anhui Conch Holding Co., Ltd. 安徽海螺集團有限責任公司 (“Conch Holdings”) and its subsidiaries to acquire 100% equity interest of Anhui Jinggong testing and Inspection Co., Ltd. 安徽精公檢測檢驗有限公司 (“Jinggong Testing”) at a cash consideration of RMB30,540,000 and 55% equity interest of Shanghai Zhizhi Technology Co., Ltd. 上海智質科技有限 公司 (“Shanghai Zhizhi”) at a cash consideration of RMB22,843,000. The acquisition was completed on 1 April 2022, and Jinggong Testing and Shanghai Zhizhi have become wholly owned subsidiaries of the Group 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 of entities under common control.

The Group has consistently adopted the accounting policy for business combination of entities 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 (see note 2(d)). 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(b) to these financial statements.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(e) Associates and joint ventures

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (continued)

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

(g) Other investments in debt and equity securities

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(i) Investments other than equity investments

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Equity investments

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

(h) Investment properties

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties (continued)

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

– Buildings 30 years

(i) Property, plant and equipment

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

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

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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

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

– Buildings	30 years
– Plant and machinery	15 years
– Office and other equipment	5 years
– Vehicles	5 – 10 years
– Land use rights (including acquired or leased land use rights)	3 – 50 years
– Other properties leased for own use	1 – 10 years

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Construction-in-progress

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

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

(k) Intangible assets (other than goodwill)

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

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

– Limestone and clay mining rights	5 – 30 years
– Technology	10 years
– Customer relationship	10 years
– Others	5 – 50 years

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The technology and customer relationship of the Group are arising from business combinations and acquisitions from third parties.

Both the period and method of amortisation are reviewed annually.

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

(l) Leased assets

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

(i) As a lessee

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (continued)

(i) As a lessee (continued)

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Leased assets (continued)

(i) As a lessee (continued)

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (continued)

(ii) As a lessor

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

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

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

(m) Credit losses and Impairment of assets

(i) Credit losses from financial instruments and contract assets

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Measurement of ECLs

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

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

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

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

Significant increases in credit risk

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Significant increases in credit risk (continued)

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Basis of calculation of interest income

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Write-off policy

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

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

(ii) Credit losses from financial guarantees issued

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(iv) Interim financial reporting and impairment

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iv) Interim financial reporting and impairment (continued)

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

(n) Inventories and other contract costs

(i) Inventories

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

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories and other contract costs (continued)

(ii) Other contract costs

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories and other contract costs (continued)

(ii) Other contract costs (continued)

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

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

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

(o) Contract assets and contract liabilities

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Contract assets and contract liabilities (continued)

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

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

(p) Trade and bills receivables and other receivables

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

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

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

(q) Cash and cash equivalents

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Trade payables, other payables and accruals

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

(s) Interest-bearing borrowings

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

(t) Employee benefits

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(ii) *Defined contribution retirement plan obligations*

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

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

(iii) *Termination benefits*

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

(u) Income tax

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

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

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

(v) Provisions and contingent liabilities

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities (continued)

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

(w) Revenue recognition

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

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Revenue from contracts with customers*

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

(a) Sale of goods

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

(b) Rendering of services

Revenue for rendering of services mainly includes managed service, construction, solid and hazardous waste treatment and logistic service.

Managed service and construction service are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customer simultaneously receives the benefits provided by the Group's performance as the Group performs.

Regarding solid and hazardous waste treatment service, the Group provides stand-ready solid and hazardous waste treatment solutions to customers, and generally charges a fixed price per volume of services during the contract period. The Group recognises services revenue for which it has a right to invoice in the period during which the related volume of services is performed.

Logistic service are recognised at the point of time when the service is provided and collection vouchers obtained.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(ii) Revenue from other sources and other income

(a) Rental income from operating lease

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

(b) Dividends

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

(c) Interest income

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(ii) *Revenue from other sources and other income (continued)*

(d) Government grants

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

(e) Income from financial guarantees issued

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

(x) Repairs and maintenance

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

(y) Translation of foreign currencies

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Translation of foreign currencies (continued)

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

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

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

(z) Borrowing costs

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Asset acquisition

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

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

(bb) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Related parties (continued)

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(cc) Segment reporting

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

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Control over and consolidation of China Conch Environment Protection Holdings Limited ("Conch Environment Protection")

The Company has concluded that the Group has control over Conch Environment Protection, although the Group holds less than 50% of the voting rights in the investee. In arriving at this conclusion, the Company has made a holistic assessment of the relevant facts and circumstances taking into account such factors as the size of the Group's holding of voting rights relative to the size and dispersion of the voting rights of the other shareholders, the nature of the Group's relationships with other shareholders including those parties acting in concert with the Group, any history of any other shareholders collaborating to exercise their votes collectively or to out vote the Group, the Group's control of the investee's board, and the Group's relationship with the key management personnel of the investee. The Company would continue to re-evaluate such conclusion on an ongoing basis as facts and circumstances change.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty

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

(i) *Impairment for non-current assets*

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (continued)

(ii) Depreciation and amortisation

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

(iii) Inventories

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (continued)

(iv) Loss allowance for expected credit losses

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

(v) Recognition of deferred tax assets

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION

(a) Business combination not under common control

During the year ended 31 December 2022, the Group acquired equity interest of below subsidiaries. Details of the acquired subsidiaries are as follows:

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities
Changde Dingxing Concrete Products Co., Ltd. ("Changde Dingxing") 常德頂興混凝土製品有限公司 (note(i))	100%/100%	1 April 2022	Manufacture and sale of concrete
Changsha Yongyun Building Materials Co., Ltd. ("Changsha Yongyun Building Materials") 長沙永運建材有限公司(note(i)(ii))	100%/100%	8 April 2022	Manufacture and sale of concrete
Chongqing Duoji Renewable Resources Co., Ltd. ("Chongqing duoji") 重慶市多吉再生資源有限公司 (note(i))	51%/51%	21 April 2022	Manufacture and sale of clinker and cement products
Naiman Hongji Cement Co., Ltd. ("Hongji Cement") 奈曼旗宏基水泥有限公司 (note(i))	80%/80%	30 April 2022	Manufacture and sale of clinker and cement products
Linxia Tianxiang Concrete Co., Ltd. ("Linxia Tianxiang") 臨夏縣天翔商砼有限責任公司 (note(i))	100%/100%	1 December 2022	Manufacture and sale of building materials

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(a) Business combination not under common control (continued)

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities
Guixi City Yinggui Ready-mixed Mortar Co., Ltd. (“Guixi Yinggui”) 貴溪市鷹貴預拌砂漿有限公司 (note(i))	100%/100%	8 November 2022	Mining of mineral resources and sale of cement products
Shangfeng Bridge of Friendship Co., Ltd. (“Andijan Conch”) 上峰友誼之橋有限責任公司 (note(ii))	51%/51%	18 August 2022	Manufacture and sale of clinker and cement products
China Conch Environment Protection Holdings Limited (“Conch Environment Protection”) 中國海螺環保控股有限公司 (note (iii))	20%/20%	28 October 2022	Industrial solid and hazardous waste treatment

(i) These companies are acquired from third parties with cash consideration.

(ii) This company is acquired by the non-wholly owned subsidiary of the Group. The equity interest here represents the ownership interest directly acquired by the 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 (see note 3(a)). 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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(a) Business combination not under common control (continued)

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

Identifiable assets acquired and liabilities assumed at the acquisition date:

	Changsha						Conch		
	Yongyun								
	Building	Changde	Chongqing	Hongji	Linxia	Guixi	Andijan	Environment	Total
	Materials	Dingxing	Duoji	Cement	Tianxiang	Yingguai	Conch	Protection	
	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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(a) Business combination not under common control (continued)

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

	Changsha Yongyun Building Materials RMB'000	Changde Dingxing RMB'000	Chongqing Duoji RMB'000	Hongji Cement RMB'000	Linxia Tianxiang RMB'000	Guixi Yinggui RMB'000	Andijan Conch RMB'000	Conch Environment Protection RMB'000	Total 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 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	(20,387)	(50,773)	(87,827)	(860,434)	(56,008)	(17,537)	(260,659)	(3,777,631)	(5,131,256)
	3,367	(3,690)	(5,032)	45,992	(3,380)	5,634	5,299	209,634	257,824
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)

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 recognized above is expected to be deductible for tax purposes.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(a) Business combination not under common control (continued)

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

	Changsha Yongyun Building Materials RMB'000	Changde Dingxing RMB'000	Chongqing Duoji RMB'000	Hongji Cement RMB'000	Linxia Tianxiang RMB'000	Guixi Yinggui RMB'000	Andijan Conch RMB'000	Conch Environment Protection RMB'000	Total RMB'000
Year of the acquisition	2022	2022	2022	2022	2022	2022	2022	2022	
Contributed to Group									
Revenue	45,924	28,103	53,101	338,249	-	2,470	-	352,965	820,812
Net profit/(loss)	538	(76)	1,640	(10,072)	(150)	(234)	(1,416)	52,198	42,428

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 RMB16,552,614,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would remain the same as if the acquisition had occurred on 1 January 2022.

(b) Business combination under common control

As mentioned in note 2(b) 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities	Total cash consideration RMB'000
Jinggong Testing 安徽精公檢測檢驗中心 有限公司	100%/100%	1 April 2022	Product and environmental inspection, R&D and consulting services	30,540
Shanghai Zhizhi 上海智質科技有限公司	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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
Revenue	167,952,664	10,790	16,165	(19,926)	167,959,693
Cost of sales and services rendered	(119,388,987)	(2,047)	(5,398)	3,701	(119,392,731)
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	(1,317,332)	(2,861)	(7,054)	-	(1,327,247)
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	272,780	-	-	-	272,780
Profit before taxation	44,151,874	3,602	1,331	(7,449)	44,149,358
Income tax	(9,950,361)	(596)	(331)	1,862	(9,949,426)
Profit for the year	34,201,513	3,006	1,000	(5,587)	34,199,932

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jingong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group 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	900,819	-	(2,068)	-	898,751
Profit for the year	34,201,513	3,006	1,000	(5,587)	34,199,932
Earnings per share					
- Basic	RMB6.28				RMB6.28
- Diluted	RMB6.28				RMB6.28

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
Profit for the year	34,201,513	3,006	1,000	(5,587)	34,199,932
Other comprehensive income for the year (after tax and reclassification adjustments)					
Item that will not be reclassified to profit or loss:					
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)	57,316	-	-	-	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	(71,577)	-	-	-	(71,577)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
Other comprehensive income for the year	(110,179)	-	-	-	(110,179)
Total comprehensive income for the year	34,091,334	3,006	1,000	(5,587)	34,089,753
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	34,091,334	3,006	1,000	(5,587)	34,089,753

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:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group	Jinggong	Shanghai	Inter-	The Group
	RMB'000	Testing	Zhizhi	company	RMB'000
	(as previously reported)	RMB'000	RMB'000	elimination	(as restated)
				RMB'000	
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
	106,496,281	6,782	6,431	(5,587)	106,503,907

Current assets

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
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
	124,018,383	10,897	22,767	(272)	124,051,775

Current liabilities

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group	Jinggong	Shanghai	Inter-	The Group
	RMB'000	Testing	Zhizhi	company	RMB'000
	(as previously reported)	RMB'000	RMB'000	elimination	(as restated)
				RMB'000	
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
	32,669,010	2,017	5,804	(272)	32,676,559
Net current assets	91,349,373	8,880	16,963	-	91,375,216
Total assets less current liabilities	197,845,654	15,662	23,394	(5,587)	197,879,123

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (as restated)
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
	6,137,818	-	2,418	-	6,140,236
NET ASSETS	191,707,836	15,662	20,976	(5,587)	191,738,887
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	183,577,459	15,661	20,977	(12,512)	183,601,585
Non-controlling interests	8,130,377	-	-	6,925	8,137,302
TOTAL EQUITY	191,707,836	15,661	20,977	(5,587)	191,738,887

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

(b) Business combination under common control (continued)

The cash flows previously reported by the Group for the year ended 31 December 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:

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter- company elimination RMB'000	The Group RMB'000 (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 increase/(decrease) 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing, sale and trading of clinker and cement products 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(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)	3,138,773	1,773,466
	132,021,554	167,959,693

Note: During the year ended 31 December 2022, solid and hazardous waste treatment service income of Conch Environment Protection, amounting to RMB352,965,000 (2021: nil) are included in service income.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 5(b).

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

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

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

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by 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:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

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

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

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

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

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2022

	Cement and cement related						Subtotal RMB'000	Solid and hazardous waste	Elimination RMB'000	Total RMB'000
	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Elimination RMB'000		treatment 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2022

	Cement and cement related						Solid and hazardous waste		Total	
	Eastern China	Central China	Southern China	Western China	Overseas	Elimination	Subtotal	treatment		Elimination
	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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2021 (restated)

	Eastern		Southern	Western	Overseas	Subtotal	Elimination	Total
	China	Central China	China	China				
	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	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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2021 (restated)

	Eastern		Southern		Western	Overseas	Subtotal	Elimination	Total
	China	Central China	China	China	China				
	RMB'000	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	

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(b))
Revenue		
Reportable segment revenue	173,676,157	207,244,462
Inter-segment revenue	(41,654,603)	(39,284,769)
Consolidated revenue	132,021,554	167,959,693
Profit		
Reportable segment profit (profit before taxation)	22,001,772	53,861,528
Inter-segment profit	(1,987,107)	(9,747,845)
Difference between CAS and IFRS*	217,447	35,675
Consolidated profit before taxation	20,232,112	44,149,358

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

	31 December 2022 RMB'000	31 December 2021 RMB'000 (as restated) (Note 4(b))
Assets		
Reportable segment assets	288,403,548	291,101,806
Inter-segment assets	(44,427,126)	(60,546,124)
Consolidated total assets	243,976,422	230,555,682
Liabilities		
Reportable segment liabilities	92,089,082	72,520,386
Inter-segment liabilities	(44,106,254)	(33,821,826)
Difference between CAS and IFRS*	84,709	118,235
Consolidated total liabilities	48,067,537	38,816,795

* 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(iii) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(b))	31 December 2022 RMB'000	31 December 2021 RMB'000 (as restated) (Note 4(b))
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
	132,021,554	167,959,693	133,382,746	102,339,027

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

6 OTHER INCOME

	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(b))
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
	3,625,618	5,100,956

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs

	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	329,388	312,649
	8,517,059	8,584,159

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Note	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Amortisation			
– intangible assets	15	648,458	453,624
Depreciation			
– investment properties	13	3,237	3,248
– property, plant and equipment	14	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*	23(b)	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 7(b) for each of these types of expenses.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

Subsidiaries' Name	Tax rates
Qianxinan Resource Development Co., Ltd. ("Qianxinan") 黔西南州發展資源開發有限公司(note (i))	15%
Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平涼海螺水泥有限責任公司(note (i))	15%
Dazhou Conch Cement Co., Ltd. ("Dazhou Conch") 達州海螺水泥有限責任公司(note (i))	15%
Guangyuan Conch Cement Co., Ltd. ("Guangyuan Conch") 廣元海螺水泥有限責任公司(note (i))	15%
Chongqing Conch Cement Co., Ltd. ("Chongqing Conch") 重慶海螺水泥有限責任公司(note (i))	15%
Liquan Conch Cement Co., Ltd. ("Liquan Conch") 禮泉海螺水泥有限責任公司(note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. ("Guiyang Conch") 貴陽海螺盤江水泥有限責任公司(note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. ("Guiding Conch") 貴定海螺盤江水泥有限責任公司(note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. ("Zunyi Conch") 遵義海螺盤江水泥有限責任公司(note (i))	15%
Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") 千陽海螺水泥有限責任公司(note (i))	15%
Bazhong Conch Cement Co., Ltd. ("Bazhong Conch") 巴中海螺水泥有限責任公司(note (i))	15%
Wenshan Conch Cement Co., Ltd. ("Wenshan Conch") 文山海螺水泥有限責任公司(note (i))	15%
Longan Conch Cement Co., Ltd. ("Longan Conch") 隆安海螺水泥有限責任公司(note (i))	15%
Linxia Conch Cement Co., Ltd. ("Linxia Conch") 臨夏海螺水泥有限責任公司(note (i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
Tongren Conch Panjiang Cement Co., Ltd. ("Tongren Conch") 銅仁海螺盤江水泥有限責任公司(note (i))	15%
Guizhou Liukuanguan Cement Co., Ltd. ("Liukuanguan") 貴州六礦瑞安水泥有限公司(note (i))	15%
Qianxian Conch Cement Co., Ltd. ("Qianxian Conch") 乾縣海螺水泥有限責任公司(note (i))	15%
Sichuan Nanwei Cement Co., Ltd. ("Nanwei Cement") 四川南威水泥有限公司(note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. ("Zhuangxiang Conch") 雲南壯鄉水泥股份有限公司(note (i))	15%
Liangping Conch Cement Co., Ltd. ("Liangping Conch") 梁平海螺水泥有限責任公司(note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. ("Jinlinghe") 寶雞市眾喜金陵河水泥有限公司(note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司(note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Lingyun Tonghong") 廣西凌雲通鴻水泥有限公司(note (i))	15%
Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") 保山海螺水泥有限責任公司(note (i))	15%
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺水泥有限責任公司(note (i))	15%
Hami Hongyi Construction Co., Ltd. ("Hami Building Material") 哈密弘毅建材有限責任公司(note (i))	15%
Yingjiangyunhan Cement Co., Ltd. ("Yingjiangyunhan") 盈江縣允罕水泥有限責任公司(note (i))	15%
Kunming Conch Cement Co., Ltd. ("Kunming Conch") 昆明海螺水泥有限公司(note (i))	15%
Shaanxi Tongchuan Fenghuang Building Material Co., Ltd. ("Fenghuang Building Material ") 陝西銅川鳳凰建材有限公司(note (i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
Chongqing Material Trading Co., Ltd. ("Chongqing Trading") 重慶海螺物資貿易有限責任公司(note (i))	15%
Basu Conch Cement Co., Ltd. ("Basu Conch") 八宿海螺水泥有限責任公司(note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. ("Conch Construction") 安徽蕪湖海螺建築安裝工程有限責任公司(note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") 安徽海螺暹羅耐火材料有限公司(note (ii))	15%
Zunyi Huaihui New Material Co., Ltd. ("Haihui New Material") 遵義海匯新材料有限責任公司(note (i))	15%
Bazhong Conch Construction Co., Ltd. ("Bazhong Constructuion") 巴中海螺建材有限責任公司(note (i))	15%
Hongji Cement 奈曼旗宏基水泥有限公司(note (i))	15%
Chongqing Duoji 重慶多吉再生資源有限公司(note (i))	15%
Tongchuan Conch New Material Co., Ltd. ("Tongchuan New Materal") 銅川海螺新材料有限責任公司(note (i))	15%
Jinggong Testing 安徽精公檢測檢驗有限公司(note (ii))	15%
Subsidiaries of Conch Environment Protection 中國海螺環保控股有限公司之部分附屬公司(note(i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Notes:

(i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation of PRC and National Development and Reform Commission on 23 April 2020, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC. These companies mentioned above are entitled to a preferential income tax rate of 15% in 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 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 Group enjoy the above preferential tax policies in the current period.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

- (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 Group 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:

Subsidiaries' Name	Tax rates
Conch International Holding (HK) Co., Ltd. ("Conch International"), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") and Vientiane Conch Cement Co., Ltd. ("Vientiane Conch"), subsidiaries in Laos	35%
Vientian Conch Cement CO., Ltd. ("Vientian Conch") a subsidiary in Laos	35%
Conch Cement Volga Limited Liability Company ("Volga Conch"), a subsidiary in Russia	20%
Conch KT Cement (Phnom Penh) Company Limited ("Phnom Penh Conch"), a subsidiary in Cambodia	20%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
PT Conch Cement Indonesia ("Indonesia Conch") a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement ("Indonesia South Conch") a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine ("South Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia ("Maros Conch") a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia ("Barru Conch") a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement ("North Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement ("West Kalimantan Conch") a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd. ("Tonga Mining") a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd. ("Beisu Mining") a subsidiary in Indonesia	22%
Battambang Conch Cement Company Limited ("Battambang Conch"). a subsidiary in Cambodia (note (i))	–
Qarshi Conch Cement Limited Liability Company ("Qarshi Conch"), a subsidiary in Uzbekistan	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
Tashkent Conch, a subsidiary in Uzbekistan	15%
Andijan Conch, a subsidiary in Uzbekistan	15%
Conch Environment Protection, a subsidiary in Cayman Islands and its subsidiaries in British Virgin Islands ("BVI") (note (ii))	–
Subsidiaries of Conch Environment Protection in Hong Kong	16.5%

Note:

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Profit before taxation	20,232,112	44,149,358
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	(43,756)	11,980
Actual tax expense	3,874,759	9,949,426

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2022 Total RMB'000
Chairman					
Wang Cheng* (resigned on 17 May 2022)	-	-	-	-	-
Yang Jun* (appointed on 13 July 2022)	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao*	-	-	-	-	-
Executive directors					
Wu Bin* (resigned on 31 May 2022)	-	-	-	-	-
Wu Tiejun (appointed on 31 May 2022)	-	747	638	57	1,442
Li Qunfeng	-	1,188	970	61	2,219
Zhou Xiaochuan	-	1,009	756	83	1,848
Independent non-executive directors					
Leung Tat Kwong Simon* (resigned on 31 May 2022)	-	-	-	-	-
Zhang Xiaorong* (resigned on 31 May 2022)	-	-	-	-	-
Qu Wenzhou (appointed on 31 May 2022)	180	-	-	-	180
He Shuyi (appointed on 31 May 2022)	180	-	-	-	180
Zhang Yunyan	180	-	-	-	180
Supervisors					
Wang Pengfei* (resigned on 31 May 2022)	-	-	-	-	-
Chen Yongbo	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	785	767	57	1,609
	540	3,729	3,131	258	7,658

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2021 Total RMB'000
Chairman					
Gao Dengbang* (resigned on 22 April 2021)	-	-	-	-	-
Wang Cheng* (appointed on 28 May 2021)	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao*	-	-	-	-	-
Executive directors					
Wu Bin	-	612	1,182	32	1,826
Li Qunfeng	-	827	1,929	52	2,808
Zhou Xiaochuan (appointed on 8 Nov 2021)	-	217	1,123	20	1,360
Non-executive director					
Ding Feng* (resigned on 17 Sep 2021)	-	-	-	-	-
Independent non-executive directors					
Yang Mianzhi (resigned on 3 Feb 2021)	-	-	-	-	-
Zhang Xiaorong (appointed on 3 Feb 2021)	151	-	-	-	151
Leung Tat Kwong Simon	148	-	-	-	148
Zhang Yunyan	151	-	-	-	151
Supervisors					
Wang Pengfei*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	728	1,542	47	2,317
	450	2,384	5,776	151	8,761

* No remuneration is paid or payable by the Group for the year ended 31 December 2022 and 2021 as their remunerations are paid by Conch Holdings. In addition, no remuneration is due to these directors and supervisors in respect of their services in connection with the management of the affairs of the Group.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2021: two) are directors and one is a supervisor (2021: Nil) whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2021: three) individuals are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	1,582	2,370
Discretionary bonuses	1,283	4,539
Retirement plan contributions	157	146
	3,022	7,055

The emoluments of the two (2021: three) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
HKD1,500,001 – HKD2,000,000	2	–
HKD2,000,001 – HKD2,500,000	–	3

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2022			2021		
	Before-tax amount RMB'000	Tax benefit RMB'000 (Note 38(b))	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax benefit RMB'000 (Note 38(b))	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	(321,494)	-	(321,494)	(95,918)	-	(95,918)
Equity investments measured at FVOCI: Movement in fair value reserve (non-recycling) (Note (b))	(3,101,991)	171,956	(2,930,035)	68,543	(11,227)	57,316
Share of investees' other comprehensive income	14,030	-	14,030	(71,577)	-	(71,577)
Other comprehensive income	(3,409,455)	171,956	(3,237,499)	(98,952)	(11,227)	(110,179)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Components of other comprehensive income, including reclassification adjustments

	2022 RMB'000	2021 RMB'000
Equity investments measured at FVOCI:		
Changes in fair value recognised during the year	(3,101,991)	68,543
Tax effect of changes in fair value recognised during the year	171,956	(11,227)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	1,928,087	(17,726)
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	(1,001,948)	39,590

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January 2021	106,237
Transfer to property, plant and equipment	(5,196)
At 31 December 2021 and 1 January 2022	101,041
Addition	321
At 31 December 2022	101,362
Accumulated depreciation:	
At 1 January 2021	22,078
Transfer to property, plant and equipment	(642)
Charge for the year	3,248
At 31 December 2021 and 1 January 2022	24,684
Transfer from property, plant and equipment	32
Charge for the year	3,237
At 31 December 2022	27,953
Net book value:	
At 31 December 2022	73,409
At 31 December 2021	76,357

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES (CONTINUED)

During the year ended 31 December 2022, the Group did not terminate any leased property agreement (2021: two properties with carrying value of RMB4,554,000) under operating lease and classified the properties as property, plant and equipment accordingly.

During the year ended 31 December 2022, the Group newly leased out one property (2021: zero property) with carrying amount of RMB289,000 (2021: RMB nil) under operating lease and classified the properties as investment properties.

The investment properties are valued by management to be RMB77,463,000 as at 31 December 2022 (2021: RMB80,739,000) using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

The rental income earned by the Group during the year from its investment properties amounted to RMB9,197,000 (2021: RMB8,989,000). Direct operating expenses arising from the investment properties amounted to RMB3,237,000 (2020: RMB3,248,000).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of-use assets-land use rights RMB'000	Right-of-use assets-other properties RMB'000	Total RMB'000
Cost:								
At 31 December 2020, as previously reported	48,026,360	60,892,879	1,083,740	2,215,325	4,599,642	6,750,154	54,709	123,622,809
Business combinations under common control	-	5,038	2,171	-	-	-	-	7,209
At 1 January 2021, as restated	48,026,360	60,897,917	1,085,911	2,215,325	4,599,642	6,750,154	54,709	123,630,018
Additions								
Impact of exchange rate changes	(308,180)	(446,176)	(4,642)	(14,549)	-	(3,576)	-	(777,123)
Transfer from/(out) construction-in-progress	1,896,263	2,850,682	30,786	-	(5,687,441)	144,720	-	(764,990)
Increase through business combination not under common control								
	1,492,942	677,766	11,487	71,748	100,579	735,842	31,116	3,121,480
Additions	173,503	1,393,035	141,816	224,180	8,363,405	1,021,878	15,682	11,333,499
Transfer out to intangible assets	-	-	-	-	(82,239)	-	-	(82,239)
Disposals	(191,590)	(716,052)	(17,214)	(107,454)	-	(80,918)	(20,427)	(1,133,655)
Transfer from investment properties	5,196	-	-	-	-	-	-	5,196
At 31 December 2021, as restated	51,094,494	64,657,172	1,248,144	2,389,250	7,293,946	8,568,100	81,080	135,332,186
At 1 January 2022, as restated	51,094,494	64,657,172	1,248,144	2,389,250	7,293,946	8,568,100	81,080	135,332,186
Additions								
Impact of exchange rate changes	(74,792)	(21,461)	(1,795)	(96,232)	-	2,893	-	(191,387)
Transfer from/(out) construction-in-progress	4,943,955	8,756,929	75,322	14,679	(14,020,271)	-	-	(229,386)
Increase through business combination not under common control								
	2,643,736	2,251,979	49,263	116,795	2,462,288	486,919	4,554	8,015,534
Additions	303,566	1,353,379	138,203	275,182	12,739,206	581,700	31,510	15,422,746
Disposals	(86,448)	(1,392,670)	(11,085)	(79,622)	-	(7,256)	(31,827)	(1,608,908)
Transfer out to investment properties	(321)	-	-	-	-	-	-	(321)
At 31 December 2022	58,824,190	75,605,328	1,498,052	2,620,052	8,475,169	9,632,356	85,317	156,740,464

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of-use assets-land use rights RMB'000	Right-of-use assets-other properties RMB'000	Total RMB'000
Accumulated depreciation and impairment:								
At 31 December 2020, as previously reported	13,882,245	32,783,418	652,578	1,625,709	2,853	1,293,494	25,273	50,265,570
Business combinations under common control	-	1,277	1,222	-	-	-	-	2,499
At 1 January 2021, as restated	13,882,245	32,784,695	653,800	1,625,709	2,853	1,293,494	25,273	50,268,069
Impact of exchange rate changes	(20,065)	(31,707)	(347)	(245)	-	-	-	(52,364)
Charge for the year	1,479,281	3,581,260	122,027	151,455	-	154,814	12,483	5,501,320
Reversal of impairment loss due to disposal	(3,651)	(53,866)	(6)	-	-	-	-	(57,523)
Written off on disposals	(3,015)	(428,180)	(13,591)	(94,163)	-	(11,067)	(10,099)	(560,115)
Transfer out to construction-in-progress	(124,423)	(640,567)	-	-	-	-	-	(764,990)
Transfer from investment properties	642	-	-	-	-	-	-	642
At 31 December 2021, as restated	15,211,014	35,211,635	761,883	1,682,756	2,853	1,437,241	27,657	54,335,039
At 1 January 2022, as restated	15,211,014	35,211,635	761,883	1,682,756	2,853	1,437,241	27,657	54,335,039
Impact of exchange rate changes	(7,338)	(2,954)	(953)	(11,025)	-	-	-	(22,270)
Charge for the year	1,706,613	3,828,280	157,302	226,437	-	198,415	20,205	6,137,252
Reversal of impairment loss due to disposal	(1,053)	(1,262)	-	-	-	-	-	(2,315)
Written off on disposals	(28,076)	(1,138,706)	(8,524)	(73,455)	-	(1,420)	(31,827)	(1,282,008)
Transfer out to construction-in-progress	(6,236)	(140,609)	-	-	-	-	-	(146,845)
Transfer out to investment properties	(32)	-	-	-	-	-	-	(32)
At 31 December 2022	16,874,892	37,756,384	909,708	1,824,713	2,853	1,634,236	16,035	59,018,821
Net book value:								
At 31 December 2022	41,949,298	37,848,944	588,344	795,339	8,472,316	7,998,120	69,282	97,721,643
At 31 December 2021, as restated	35,883,480	29,445,537	486,261	706,494	7,291,093	7,130,859	53,423	80,997,147

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

Certain property, plant and equipment of the Group have been pledged as security for bank loans. Details are set out below:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Plant and buildings	–	172,388
Land use rights	69,794	8,188
	69,794	180,576

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	31 December 2022	31 December 2021
		RMB'000	RMB'000 (restated) (Note 4(b))
Land use rights carried at depreciated cost	(i)	7,980,358	7,130,859
Other properties leased for own use, carried at depreciated cost	(ii)	69,282	53,423
		8,049,640	7,184,282

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	198,415	154,814
Other properties leased for own use	20,205	12,483
	218,620	167,297
	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	4,126	2,736
Expense relating to short-term leases	17,578	5,289
Variable lease payments not included in the measurement of lease liabilities	26,085	22,859

Notes:

(i) Land use rights

All lands in the PRC are state-owned or collectively owned and no individual ownership right exists. The Group acquired the rights to use certain lands. The consideration paid for such rights are treated as right-of-use assets and depreciated over the period of lease term using straight-line method.

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain land use rights. The aggregate carrying value of such land use rights of the Group as at 31 December 2022 was approximately RMB110,820,000 (2021: RMB24,115,000). The directors are of the opinion that the Group is entitled to legally use these land use rights.

(ii) Other leases

The Group leases office buildings and cement transfer storages under leases expiring from 1 to 10 years.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Technology RMB'000	Customer relationship RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2021	9,384,050	65,918	-	-	599,430	10,049,398
Additions, as restated	2,635,697	3,052	-	-	8,534	2,647,283
Increase through business combination not under common control	472,634	-	-	-	490,877	963,511
Transfer from construction-in- progress	65,000	-	-	-	17,239	82,239
Disposal	-	-	-	-	-	-
At 31 December 2021	12,557,381	68,970	-	-	1,116,080	13,742,431
At 1 January 2022	12,557,381	68,970	-	-	1,116,080	13,742,431
Additions	12,857,830	-	-	-	17,637	12,875,467
Increase through business combination not under common control	282,727	-	211,000	175,000	6,033	674,760
At 31 December 2022	25,697,938	68,970	211,000	175,000	1,139,750	27,292,658

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS (CONTINUED)

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Technology RMB'000	Customer relationship RMB'000	Others RMB'000	Total RMB'000
Accumulated amortisation:						
At 1 January 2021	1,473,378	26,247	-	-	52,843	1,552,468
Charge for the year, as restated	409,360	3,805	-	-	40,459	453,624
Written back on disposals	-	-	-	-	-	-
At 31 December 2021	1,882,738	30,052	-	-	93,302	2,006,092
At 1 January 2022	1,882,738	30,052	-	-	93,302	2,006,092
Charge for the year	575,384	3,768	3,517	2,917	62,872	648,458
Written back on disposals	-	-	-	-	-	-
At 31 December 2022	2,458,122	33,820	3,517	2,917	156,174	2,654,550
Net book value:						
At 31 December 2022	23,239,816	35,150	207,483	172,083	983,576	24,638,108
At 31 December 2021	10,674,643	38,918	-	-	1,022,778	11,736,339

Technology and customer relationship were acquired through the business combination of Conch Environment Protection. They are recognised at fair value at the date of acquisition and is subsequently amortised on a straight-line basis over 10 years.

Others mainly represented the acquisition cost for software, the rights of using maritime space and emission rights.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS (CONTINUED)

Certain intangible assets of the Group have been pledged as security for bank loans. Details are set out below:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Limestone mining rights	1,212,430	–

16 GOODWILL

	31 December 2022 RMB'000	31 December 2021 RMB'000
Carrying amount:		
At 1 January	876,038	576,042
Acquisitions through business combinations	269,926	299,996
At 31 December	1,145,964	876,038

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to groups of cash-generating units (being subsidiaries acquired in each acquisition). Such groups of cash-generating units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

16 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill (continued)

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. These calculations use discounted cash flow projections primarily based on the respective financial budgets of the cash-generating units covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated to be the same as that of the respective final forecast year on existing production capacity. The pre-tax discount rate of 10.73% (2021: 14.33%) reflects current market assessment of the time value of money and specific risks relating to the Group's business.

Based on the impairment tests, no impairment was recorded as at 31 December 2022 (2021: none).

17 INVESTMENTS IN SUBSIDIARIES

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ningbo Conch Cement Co., Ltd. ("Ningbo Conch") 寧波海螺水泥有限公司	RMB 171,000,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shanghai Mingzhu Conch Cement Co., Ltd. ("Mingzhu Conch") 上海海螺明珠水泥有限公司	RMB 30,000,000	94.2%	94.2%	-	Manufacture and sale of clinker and cement products
Anhui Tongling Conch Cement Co., Ltd. ("Tongling Conch") 安徽銅陵海螺水泥有限公司	RMB 742,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Changfeng Conch Cement Co., Ltd. ("Changfeng Conch") 安徽長豐海螺水泥有限公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhangjiagang Conch Cement Co., Ltd. ("Zhangjiagang Conch") 張家港海螺水泥有限公司	RMB 35,000,000	98.71%	98.71%	-	Manufacture and sale of clinker and cement products
Nantong Conch Cement Co., Ltd. ("Nantong Conch") 南通海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Digang Conch Cement Co., Ltd. ("Digang Conch") 安徽荻港海螺水泥股份有限公司	RMB 590,000,000	100%	99.75%	0.25%	Manufacture and sale of clinker and cement products
Jianyang Conch Cement Co., Ltd. ("Jianyang Conch") 福建省建陽海螺水泥有限責任公司	RMB 14,000,000	76%	76%	-	Manufacture and sale of clinker and cement products
Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch") 安徽縱陽海螺水泥股份有限公司	RMB 410,000,000	100%	99.27%	0.73%	Manufacture and sale of clinker and cement products
Anhui Chizhou Conch Cement Co., Ltd. ("Chizhou Conch") 安徽池州海螺水泥股份有限公司	RMB 950,000,000	100%	99.67%	0.33%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 泰州海螺水泥有限責任公司	RMB 11,520,000	93.75%	93.75%	-	Manufacture and sale of clinker and cement products
Bengbu Conch Cement Co., Ltd. ("Bengbu Conch") 蚌埠海螺水泥有限責任公司	RMB 54,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenyi Conch Cement Co., Ltd. ("Fenyi Conch") 分宜海螺水泥有限責任公司	RMB 110,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shangyu Conch Cement Co., Ltd. ("Shangyu Conch") 紹興上虞海螺水泥有限責任公司	RMB 16,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiande Conch Cement Co., Ltd. ("Jiande Conch") 建德海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Lushan Conch Cement Co., Ltd. ("Lushan Conch") 江西廬山海螺水泥有限公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Taizhou Yangwan Conch Cement Co., Ltd. ("Yangwan Conch") 泰州楊灣海螺水泥有限責任公司	RMB 170,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nanchang Conch Cement Co., Ltd. ("Nanchang Conch") 南昌海螺水泥有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Huaining Conch Cement Co., Ltd. ("Huaining Conch") 安徽懷寧海螺水泥有限公司	RMB 273,250,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhongguo Cement Co., Ltd. ("Zhongguo Plant") 中國水泥廠有限公司	RMB 194,600,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huai'an Conch Cement Co., Ltd. ("Huai'an Conch") 淮安海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taicang Conch Cement Co., Ltd. ("Taicang Conch") 太倉海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 台州海螺水泥有限公司	RMB 70,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Haimen Conch Cement Co., Ltd. ("Haimen Conch") 海門海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangmen Conch Cement Co., Ltd. ("Jiangmen Conch") 江門海螺水泥有限公司	RMB 105,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ma'anshan Conch Cement Co., Ltd. ("Ma'anshan Conch") 馬鞍山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangsu Baling Conch Cement Co., Ltd. ("Baling Conch") 江蘇八菱海螺水泥有限公司	RMB 32,960,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shuangfeng Conch Cement Co., Ltd. ("Shuangfeng Conch") 雙峰海螺水泥有限公司	RMB 492,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Xuancheng Conch Cement Co., Ltd. ("Xuancheng Conch") 安徽宣城海螺水泥有限公司	RMB 406,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wuhu Conch Cement Co., Ltd. ("Wuhu Conch") 蕪湖海螺水泥有限公司	RMB 660,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Conch Cement Co., Ltd. ("Hunan Conch") 湖南海螺水泥有限公司	RMB 400,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") 英德海螺水泥有限責任公司	RMB 580,000,000	75%	70.01%	4.99%	Manufacture and sale of clinker and cement products
Xingye Kuiyang Conch Cement Co., Ltd. ("Kuiyang Conch") 興業葵陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch") 扶綬新寧海螺水泥有限責任公司	RMB 328,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Construction 安徽蕪湖海螺建築安裝工程有限責任公司	RMB 30,000,000	100%	100%	-	Provision of construction and installation services for industrial purposes
Xing'an Conch Cement Co., Ltd. ("Xing'an Conch") 興安海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ninghai Qiangjiao Conch Cement Co., Ltd. ("Ninghai Conch") 寧海強蛟海螺水泥有限公司	RMB 110,240,000	100%	100%	-	Manufacture and sale of clinker and cement products
Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") 北流海螺水泥有限責任公司	RMB 450,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhanjiang Conch Cement Co., Ltd. ("Zhanjiang Conch") 湛江海螺水泥有限公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Xiangshan Conch Cement Co., Ltd. ("Xiangshan Conch") 象山海螺水泥有限公司	RMB 189,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Pingliang Conch 平凉海螺水泥有限公司	RMB 470,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Linxiang Conch Cement Co., Ltd. ("Linxiang Conch") 臨湘海螺水泥有限公司	RMB 290,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yueqing Conch Cement Co., Ltd. ("Yueqing Conch") 樂清海螺水泥有限公司	RMB 238,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Cement Co., Ltd. ("Quanjiao Conch") 全椒海螺水泥有限公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ningde Conch Cement Co., Ltd. ("Ningde Conch") 寧德海螺水泥有限公司	RMB 150,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangyuan Conch 廣元海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangdong Qingxin Cement Co., Ltd. ("Qingxin Conch") 廣東清新水泥有限公司	RMB 320,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Chongqing Conch 重慶海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Ganjiang Conch Cement Co., Ltd. ("Ganjiang Conch") 江西贛江海螺水泥有限責任公司	RMB 165,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Foshan Conch Cement Co., Ltd. ("Foshan Conch") 佛山海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Lu'an Conch Cement Co., Ltd. ("Lu'an Conch") 六安海螺水泥有限責任公司	RMB 89,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Dazhou Conch 達州海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liquan Conch 禮泉海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianyang Conch 千陽海螺水泥有限責任公司	RMB 490,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huainan Conch Cement Co., Ltd. ("Huainan Conch") 淮南海螺水泥有限責任公司	RMB 160,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yangchun Conch Cement Co., Ltd. ("Yangchun Conch") 陽春海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jining Conch Cement Co., Ltd. ("Jining Conch") 濟寧海螺水泥有限責任公司	RMB 235,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Qiyang Conch Cement Co., Ltd. ("Qiyang Conch") 祁陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 湖南益陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Suzhou Conch Cement Co., Ltd. ("Suzhou Conch") 宿州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huangshan Conch Cement Co., Ltd. ("Huangshan Conch") 黃山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huazhou Conch Cement Co., Ltd. ("Huazhou Conch") 化州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Cement Co., Ltd. ("Jianghua Conch") 江華海螺水泥有限責任公司	RMB 266,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jianghua Conch Plastic Packaging Co., Ltd. ("Jianghua Plastic") 江華海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Longling Conch Cement Co., Ltd. ("Longling Conch") 龍陵海螺水泥有限責任公司	RMB 225,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch Plastic Packaging Co., Ltd. ("Guangyuan Plastic") 廣元海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Guiyang Conch 貴陽海螺盤江水泥有限責任公司	RMB 706,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch 貴定海螺盤江水泥有限責任公司	RMB 460,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zunyi Conch 遵義海螺盤江水泥有限責任公司	RMB 530,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhuangxiang Conch 雲南壯鄉水泥股份有限公司	RMB 50,000,000	100%	99%	1%	Manufacture and sale of clinker and cement products
Baoshan Conch 保山海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Longan Conch 隆安海螺水泥有限責任公司	RMB 120,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Refractory Material 安徽海螺暹羅耐火材料有限公司	RMB 168,000,000	70%	70%	-	Manufacture, development and sale of refractory material
Tongren Conch 銅仁海螺盤江水水泥有限責任公司	RMB 510,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinlinghe 寶雞市眾喜金陵河水泥有限公司	RMB 372,376,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Fenghuangshan 寶雞眾喜鳳凰山水泥有限公司	RMB 928,800,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxian Conch 乾縣海螺水泥有限責任公司	RMB 560,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liukuangruian 貴州六礦瑞安水泥有限公司	RMB 477,450,000	51%	51%	-	Manufacture and sale of clinker and cement products
Liangping Conch 梁平海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxinan 黔西南州發展資源開發有限公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bazhong Conch 巴中海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Wenshan Conch 文山海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bozhou Conch Cement Co., Ltd. ("Bozhou Conch")**** 亳州海螺水泥有限責任公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanwei Cement 四川南威水泥有限公司	RMB 168,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhenjiang Beigu Conch Cement Co., Ltd. ("Beigu Conch") 鎮江北固海螺水泥有限責任公司	RMB 50,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Hami Building Material 哈密弘毅建材有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hami Xingyi Mining Co., Ltd. ("Hami Mining") 哈密興義礦業有限責任公司	RMB 3,000,000	100%	-	100%	Mining and related service

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Lingyun Tonghong 廣西凌雲通鴻水泥有限公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Maoming Dadi Cement Co., Ltd. ("Maoming Dadi") 茂名市大地水泥有限公司	RMB 60,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinxian Conch Cement Co., Ltd. ("Jinxian Conch") 進賢海螺水泥有限責任公司	RMB 42,000,000	70%	70%	-	Manufacture and sale of clinker and cement products
Linxia Conch 臨夏海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Material Trading Co., Ltd. ("Conch Material") 安徽海螺物資貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale of clinker and cement products
Wuxi Conch Sales Cement Co., Ltd. ("Wuxi Sales") 無錫海螺水泥銷售有限公司	RMB 100,000,000	100%	100%	-	Sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yingjiangyunhan 盈江縣允罕水泥有限公司	RMB 300,000,000	99%	99%	-	Manufacture and sale of clinker and cement products
Baoji Conch Plastic Packaging Co., Ltd. ("Baoji Plastic") 寶雞海螺塑膠包裝有限責任公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of cement packaging
Shaoyang Yeafing New Energy Co., Ltd. ("Yeafing New Energy") 邵陽市雲峰新能源科技有限公司	RMB 120,000,000	65%	65%	-	Sale and development of profile and related products
Hunan Yeafing Cement Co., Ltd. ("Yeafing Cement") 湖南省雲峰水泥有限公司	RMB 93,000,000	65%	65%	-	Manufacture and sale of clinker and cement products
Shuicheng Conch Panjiang Cement Co., Ltd. ("Shuicheng Conch") (note (i)) 水城海螺盤江水泥有限責任公司	RMB 507,600,000	55%	55%	-	Manufacture and sale of clinker and cement products
Kunming Conch 昆明海螺水泥有限公司	USD 30,506,700	80%	80%	-	Manufacture and sale of clinker and cement products
Lianyuan Conch Cement Co., Ltd. ("Lianyuan Cement") 澧源海螺水泥有限公司	USD 74,800,000	80%	80%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ganzhou Conch 贛州海螺水泥有限責任公司	RMB 400,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Chaohu Conch Cement Co., Ltd. ("Chaohu Conch") 巢湖海螺水泥有限責任公司	RMB 500,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch Plastic Packaging Co., Ltd. ("Guiding Plastic") 貴定海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Fenghuang Building Material 陝西銅川鳳凰建材有限公司	RMB 584,612,000	65%	65%	-	Manufacture and sale of clinker and cement products
Haihui New Material 遵義海匯新材料有限責任公司	RMB 45,000,000	60%	60%	-	Manufacture and sale of concrete products
Chizhou Conch New Material Co., Ltd. ("Chizhou New Material") 池州海螺新材料有限責任公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of concrete products
Guangyuan Conch New Material Co., Ltd. ("Guangyuan New Material") 廣元海螺新材料有限責任公司	RMB 40,000,000	90%	90%	-	Manufacture and sale of concrete products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Bazhong Construction 巴中海螺建材有限責任公司	RMB 50,000,000	90%	90%	-	Manufacture and sale of clinker and cement products
Chongqing Trading 重慶海螺物資貿易有限責任公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Wuhu Conch Mining Co., Ltd. ("Wuhu Mining") 蕪湖海螺礦業有限責任公司	RMB 12,000,000	70%	70%	-	Mining and selling aggregates
Wuhu Southeast Asia International Trading Co., Ltd. ("Southeast Asia Trading") 蕪湖東南亞國際貿易有限公司	USD 40,000,000	55%	55%	-	Sale and trading of clinker and cement products and provision of related services
Guangdong Qingyuan Guangying Cement Co., Ltd. ("Guangying Cement") 廣東清遠廣英水泥有限責任公司	RMB 345,000,000	80%	80%	0	Manufacture and sale of clinker and cement products
Basu Conch 八宿海螺水泥有限責任公司	RMB 827,500,000	70%	70%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Chuzhou Conch Cement New Construction Materials Co., Ltd. ("Chuzhou New Material") 滁州海螺新型建材有限公司	RMB 11,000,000	70%	70%	-	Manufacture and sale of concrete products
Jiangsu Conch Cement Construction Materials Co., Ltd. ("Jiangsu Material") 江蘇海螺建材有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Hunan Haizhong Trading Co., Ltd. ("Hunan Haizhong") 湖南海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yunnan Haizhong Trading Co., Ltd. ("Yunnan Haizhong") 雲南海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yangzhou Conch Cement Co., Ltd. ("Yangzhou Conch") 揚州海螺水泥有限責任公司	RMB 210,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 弋陽海螺水泥有限責任公司	RMB 457,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shimen Conch Cement Co., Ltd. ("Shimen Conch") 石門海螺水泥有限責任公司	RMB 421,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shanghai Conch Construction Material International Trading Co. Ltd. ("Conch International Trading") 上海海螺建材國際貿易有限公司	RMB 100,000,000	100%	100%	-	Sale, exporting and trading of clinker and cement products
Wuhu Conch Plastic Products Co., Ltd. ("Wuhu Plastic") 蕪湖海螺塑膠製品有限公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of cement packaging
Anhui Ningchang Plastic Packaging Co., Ltd. ("Ningchang Plastic") 安徽寧昌塑膠包裝有限公司	RMB 53,554,100	100%	100%	-	Manufacture and sale of cement packaging
Shanghai Conch Logistic Co., Ltd. ("Conch Logistic") 上海海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangdong Yinglong Conch Logistic Co., Ltd. ("Yinglong Logistic") 廣東英龍海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Yingde Conch Plastic Packaging Co., Ltd. ("Yingde Plastic") 英德海螺塑膠包裝有限責任公司	RMB 6,000,000	100%	100%	-	Manufacture and sale of cement packaging
Huai'an Chuzhou Conch Cement Co., Ltd. ("Chuzhou Conch") 淮安楚州海螺水泥有限責任公司	RMB 113,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Haizhong Trading Co., Ltd. ("Jiangxi Haizhong") 江西海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou Haizhong Trading Co., Ltd. ("Guizhou Haizhong") 貴州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Bozhou Haizhong Trading Co., Ltd. ("Bozhou Haizhong") 亳州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhengzhou Haizhong Trading Co., Ltd. ("Zhengzhou Haizhong") 鄭州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shandong Haizhong Trading Co., Ltd. ("Shandong Haizhong") 山東海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Nanjing Haizhong Trading Co., Ltd. ("Nanjing Haizhong") 南京海中貿易有限公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shanxi Haizhong Trading Co., Ltd. ("Shanxi Haizhong") 陝西海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Zhejiang Ningbo Haizhong Trading Co., Ltd. ("Ningbo Haizhong") 浙江寧波海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangxi Chongzuo Haizhong Trading Co., Ltd. ("Chongzuo Haizhong") 廣西崇左海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Tongchuan Conch New Material 銅川海螺新材料有限責任公司	RMB 40,000,000	65%	65%	-	Manufacture and sale of concrete products
Linqun Conch Cement Co., Ltd. ("Linqun Conch") 臨泉海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Warehouse Logistics
Zhuhai Haizhong 珠海海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Fenyi Conch Construction Materials Co., Ltd. ("Fenyi Material") 分宜海螺建築材料有限責任公司	RMB 300,000,000	90%	90%	-	Processing and sales of construction stones
Jiangxi Yiyang Conch New Construction Material Co., Ltd. ("Yiyang Construction Material") 江西弋陽海螺新型建材有限責任公司	RMB 100,000,000	70%	70%	-	Production and sales of construction materials

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangxi Yiyang Conch New Material Co., Ltd. ("Yiyang New Material") 江西弋陽海螺新材料有限責任公司	RMB 30,000,000/ RMB 12,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Haizhong Investment ("Haizhong Investment") 安徽海中投資有限公司	RMB 1,000,000,000	51%	51%	-	Investment and trading
Nanjiang Conch Cement Co., Ltd. ("Nanjiang Conch") 南江海螺水泥有限責任公司	RMB 300,000,000	51%	51%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Construction Technology Co., Ltd. ("Quanjiao Construction") 全椒海螺建築科技有限責任公司	RMB 300,000,000	90%	90%	-	Provision of construction and installation services for industrial purposes
Anhui Haibo Intelligent Technology Co., Ltd. ("Haibo Intelligent") 安徽海博智能科技有限責任公司	RMB 80,000,000	60%	60%	-	Research and experimental development

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nantong Conch Concrete Co., Ltd. ("Nantong Concrete") 南通海螺混凝土有限責任公司	RMB 50,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Conch Zhongnan Intelligent Robot Co., Ltd. ("Zhongnan Intelligent") 安徽海螺中南智能機器人有限責任公司	RMB 50,000,000	51%	51%	-	Research development and manufacture of automation machinery
Guangxi Laibin Haizhong Cement Co., Ltd. ("Laibin Haizhong") 廣西來賓海中水泥有限責任公司	RMB1,000,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Tongling Conch New Material Co., Ltd. ("Tongling New Material") 銅陵海螺新材料有限責任公司	RMB 25,000,000	70%	70%	-	Production and sales of concrete and related products
Liquan Conch Construction Technology Co., Ltd. ("Liquan Construction Technology") 禮泉海螺建築科技有限責任公司	RMB200,000,000/ RMB 140,000,000	100%	100%	-	Industrial and civil building construction

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Xiaoxian Conch Cement Co., Ltd. ("Xiaoxian Conch") 蕭縣海螺水泥有限責任公司	RMB600,000,000/ RMB 200,000,000	60%	60%	-	Manufacture and sale of clinker and cement products
Anhui Haihui Supply Chain Technology Co., Ltd. ("Haihui Supply Chain Technology") (note (iv) 安徽海慧供應鏈科技有限公司)	RMB 20,000,000	50%	50%	-	Logistics transportation agency service
Hainan Changjiang Conch Cement Co., Ltd. ("Changjiang Conch") 海南昌江海螺水泥有限公司	RMB 650,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Wuhu South Cement 蕪湖南方水泥有限公司	RMB 300,000,000	26.01%	-	51%	Manufacture and sale of clinker and cement products
Nantong Haimen Conch New Material Co., Ltd. ("Haimen New Material") 南通市海門海螺新材料有限責任公司	RMB 300,000,000/ RMB 208,000,000	100%	100%	-	Production and sales of new materials
Tongling Conch New Construction ("Tongling Construction") 銅陵海螺新型建材有限公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Changjiang Conch Huangsheng Plastic Packaging ("Changjiang Plastic Packaging") 昌江海螺華盛塑膠包裝有限公司	RMB 50,000,000	60%	60%	-	Manufacture and sale of cement packaging
Tianjin Haihui Supply Chain Technology ("Tianjin Haihui") (note (iv)) 天津海慧供應鏈科技有限公司	RMB 10,000,000	100%	-	100%	Logistic services
Nantong Conch Construction Material Co., Ltd. ("Nantong Construction") ** 南通海螺建築材料有限責任公司	RMB 30,000,000	100%	100%	-	Sales of construction materials
Conch New Energy and its subsidiaries ("Conch New Energy") (note (v)) 安徽海螺新能源有限公司及其附屬公司	RMB 5,000,000,000	100%	100%	-	Photovoltaic and wind power generation and energy storage system development
Jiande Conch Green Construction ("Jiande Green Construction") 建德海螺綠色建材有限公司	RMB 40,000,000	100%	100%	0%	Photovoltaic and wind power generation and energy storage system development
Zhaoqing Trading Green Quarry ("Zhaoqing Quarry") 肇慶交投綠色石場有限公司	RMB 417,052,600	100%	-	100%	Processing and sales of construction stones

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Fengkai Conch Trading Green Construction ("Fengkai Green Construction") 封開海螺交投綠色建材有限公司	RMB 10,000,000	68%	68%	0%	Processing and sales of construction stones
Tengchong Tengyue 騰沖市騰越水泥有限公司	RMB 56,000,000	100%	100%	0%	Sale and trading of clinker and cement products and provision of related services
Guizhou New Shuanglong 貴州新雙龍水泥有限公司	RMB 200,000,000	100%	100%	0%	Sale and trading of clinker and cement products and provision of related services
Youxi Conch Cement Co., Ltd. ("Longxi Conch") 尤溪海螺水泥有限責任公司	RMB 800,000,000 / RMB 200,000,000	33.81%	-	66.3%	Sale and trading of clinker and cement products and provision of related services
Anhui Green New Material 安徽海螺綠色新型材料有限公司	RMB 1,500,000,000	65%	65%	-	Manufacture and sales of new construction materials
Bozhou Huayi New Material 亳州市華誼新型材料有限公司	RMB 50,300,000	65%	-	100%	Production and sales of concrete and related products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhonglian New Material 安徽省中聯新型材料有限公司	RMB 50,300,000	65%	–	100%	Production and sales of concrete and related products
Zhonglian Xiangqiao Construction 中聯湘謙建材有限公司	RMB 100,000,000	65%	–	100%	Production and sales of concrete and related products
Motai New Material 安徽省墨泰新型材料有限公司	RMB 50,300,000	65%	–	100%	Production and sales of concrete and related products
Huasheng Road Engineering 亳州市華盛道路工程有限公司	RMB 26,000,000	65%	–	100%	Production and sales of concrete and related products
Zhonglian Construction 亳州市中聯建設工程有限公司	RMB 10,000,000	65%	–	100%	Construction of highway engineering
Xiangqiao Construction 亳州湘謙建築工業化有限公司	RMB 50,300,000	65%	–	100%	Provision of construction and installation services for industrial purposes

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhonglian Guanteng 安徽中聯觀騰新型材料有限公司	RMB 50,300,000	65%	-	100%	Design and technical service for industrial products
Zhonglian Motaikē 安徽中聯摩泰克新型材料有限公司	RMB 50,300,000	65%	-	100%	Processing and sales of manufactured sand
Wuhu Conch Green Construction Technology Co., Ltd. ("Wuhu Green Construction") 蕪湖海螺綠色建築科技有限責任公司	RMB 200,000,000	100%	100%	-	Construction of building intelligent engineering
Hongfeng Cement 廣東海螺鴻豐水泥有限公司	RMB 1,000,000,000/ RMB 800,000,000	51%	51%	-	Production of cement products and exploitation of mineral resources
Yingde Shengde 英德市聖德混凝土有限公司	RMB 5,000,000	70%	-	100%	Production and sales of concrete and related products
Yingde Tongde 英德市通德混凝土有限公司	RMB 5,000,000	70%	-	100%	Road freight transport and sales of cement products
Wuhu Conch Green Construction Co., Ltd. ("Wuhu Green Construction") 蕪湖海螺綠色建材有限責任公司	RMB 500,000,000	67%	67%	-	Processing and sales of construction stones
Ningguo Conch Green Construction ("Ningguo Green Construction") 甯國海螺綠色建材有限公司	RMB 500,000,000	60%	60%	-	Processing and sales of construction stones

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ma'an Mountain Conch Green Construction ("Ma'an Mountain Green Construction") 馬鞍山海螺綠色建材有限公司	RMB 2,000,000,000	100%	100%	-	Processing and sales of construction stones
Yingde Conch Green New Material ("Yingde Green New Material") 英德海螺綠色新型材料有限公司	RMB 100,000,000	70%	-	70%	Production and sales of nonmetallic mineral products and investment
Huai'an Conch Green Construction Technology ("Huai'an Green Construction") 淮安海螺綠色建築科技有限公司	RMB 70,000,000	100%	100%	-	Providing technical services and production and sales of cement products
Zongyang Conch New Material Technology ("Zongyang New Material") 縱陽海螺新材料科技有限公司	RMB 1,000,000,000	51%	51%	-	Production and sales of nonmetallic mineral products and related products
PT Conch Cement Indonesia ("Indonesia Conch") 印尼海螺水泥有限公司	USD 51,000,000	75%	75%	-	Manufacture and sale of clinker and cement products investment and trading
PT Conch South Kalimantan Cement ("Indonesia South Conch") 南加裡曼丹海螺水泥有限公司	USD 90,000,000	71.25%	-	71.25%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") 印尼海螺國際貿易有限公司	USD 30,000,000	100%	10%	90%	Investment and trading
PT Conch Manos South Sulawesi Mine ("South Sulawesi Conch") 南蘇拉威西馬諾斯海螺礦山有限公司	USD 1,000,000	67.5%	-	67.5%	Mining and related service
PT Conch Maros Cement Indonesia ("Maros Conch") 印尼馬諾斯水泥有限公司	USD 14,000,000	100%	-	100%	Sale of cement products and provision of related services
PT Conch Barru Cement Indonesia ("Barru Conch") 印尼巴魯海螺水泥有限公司	USD 25,000,000	100%	-	100%	Sale of cement products and provision of related services
PT Conch North Sulawesi Cement ("North Sulawesi Conch") 北蘇海螺水泥有限公司	USD 80,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
PT Conch West Kalimantan Cement ("West Kalimantan Conch") 西加裡曼丹海螺水泥貿易有限公司	USD 4,000,000	100%	-	100%	Sale of cement products and provision of related services
Battambang Conch 馬德望海螺水泥有限公司	USD 50,000,000	60%	-	60%	Sale of cement products and provision of related services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Volga Conch 伏爾加海螺水泥有限責任公司	RUB 132,477,680	75%	75%	-	Manufacture and sale of clinker and cement products
Luangprabang Conch 琅勃拉邦海螺水泥有限公司	USD 23,000,000	70%	-	70%	Manufacture and sale of clinker and cement products
Vientiane Conch 萬象海螺水泥有限公司	USD 20,000,000 / USD 18,750,000	75%	-	75%	Manufacture and sale of clinker and cement products
Myanmar Conch Cement (Mandalay) Co., Ltd. ("Mandalay Conch") 緬甸海螺(曼德勒)水泥有限公司	USD 45,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Qarshi Conch 卡爾希海螺水泥外國企業有限責任公司	USD 58,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Phnom Penh Conch 海螺KT水泥(金邊)有限公司	USD 30,000,000	55%	-	55%	Manufacture and sale of clinker and cement products
Conch International 海螺國際控股(香港)有限公司	USD 285,400,000	100%	100%	-	Investment and Trading

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Tonga Conch Mining Co., Ltd. ("Tonga Mining") 東加海螺礦山有限公司	USD1,000,000/ USD0	100%	-	100%	Mining and related service
Beisu Conch Mining Co., Ltd. ("Beisu Mining") 北蘇海螺礦山有限公司	USD1,000,000 / USD0	100%	-	100%	Mining and related service
Tashkent Conch 塔什干海螺合資企業水泥有限公司	USD34,300,000	65%	-	65%	Manufacture and sale of clinker and cement products
Andijan Conch (note (iii)) 上峰友誼之橋有限責任公司	USD5,000,000	51%	-	51%	Manufacture and sale of clinker and cement products
Conch Environment Protection (note (iii)) 中國海螺環保控股有限公司及其附屬公司	HKD150,000,000	20%	5%	15%	Industrial waste storage and disposal
Hongji Cement (note (iii)) 奈曼旗宏基水泥有限公司	RMB 465,260,000	80%	80%	-	Manufacture and sale of clinker and cement products
Chifeng Conch Cement Co., Ltd. ("Chifeng Conch") (note (ii)) 赤峰海螺水泥有限責任公司	RMB 120,000,000 / RMB 60,000,000	80%	-	100%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Naiman Xingta Renewable Resources Co., Ltd. ("Xingta Renewable Resources") (note (iii)) 奈曼旗興塔再生資源有限公司	RMB 80,000,000/ RMB 79,005,082	80%	-	100%	Renewable resources sales and Renewable resource processing
Inner Mongolia Yuexing Environmental Technology Co., Ltd. ("Yuexing Environmental Technology") (note (iii)) 內蒙古躍興環保科技有限公司	RMB 70,000,000/ RMB 56,072,840	80%	-	100%	Industrial waste storage and disposal
Qingyuan Guangying Mining Industry Co., Ltd. ("Guangying Mining Industry") (note (ii)) 清遠市廣英礦業有限公司	RMB 62,950,000	80%	-	100%	Mining and selling aggregates
Chongqing duoj (note (iii)) 重慶市多吉再生資源有限公司	RMB 20,408,163	51%	51%	-	Renewable resources sales and Renewable resource processing
Shuangfeng Conch Green Construction Co., Ltd. ("Shuangfeng Green Construction") (note (ii)) 雙峰海螺綠色建材有限公司	RMB 500,000,000/ RMB 100,000,000	65%	65%	-	Manufacture and sales of new construction materials
Changsha Yongyun Building Materials 長沙永運建材有限公司	RMB 30,000,000	100%	-	100%	Sales of construction materials

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Liuzhi Conch New Construction Co., Ltd. ("Liuzhi New Construction") (note (ii)) 六枝海螺溢鑫綠色新型建材有限公司	RMB 50,000,000/ RMB Nil	70%	-	70%	Manufacture and sales of new construction materials
Mengcheng Conch Construction Co., Ltd. ("Mengcheng Construction") (note (ii)) 蒙城海螺建材有限公司	RMB 100,000,000	100%	100%	-	Sales of construction materials
Lianyungang Conch Green Construction Co., Ltd. ("Lianyungang Green Construction") (note (ii)) 連雲港海螺綠色建材有限公司	RMB 50,000,000/ RMB Nil	100%	100%	-	Manufacture and sales of new construction materials
Conch (Guizhou) Holding, Ltd. ("Guizhou Holding") (note (ii)) 海螺(貴州)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Hunan) Holding, Ltd. ("Hunan Holding") (note (ii)) 海螺(湖南)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Shanxi) Holding, Ltd. ("Shanxi Holding") (note (ii)) 海螺(陝西)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch (Yunnan) Holding, Ltd. ("Yunnan Holding") (note (ii)) 海螺(雲南)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shanghai Zhizhi (note (iii))上海智質科技有限公司	RMB 80,000,000/ RMB 53,000,000	55%	55%	-	Construction of intelligent building engineering
Anhui Zhizhi Engineering Technology Co., Ltd. ("Anhui Zhizhi") (note (iii)) 安徽智質工程技術有限公司	RMB 30,000,000	55%	-	100%	Technical services and technical development and technical consulting
Jingong Testing (note (iii)) 安徽精公檢測檢驗中心有限公司	RMB 8,000,000	100%	100%	-	Product testing and inspection and Environmental inspection
Changde Dingxing (note (iii)) 常德頂興混凝土製品有限公司	RMB 10,000,000	100%	-	100%	Road freight transport and sales of cement products
Pingliang Conch New Green Material Co., Ltd. ("Pingliang New Green Material") (note (ii)) 平涼海螺綠色新型材料有限公司	RMB 35,000,000	100%	100%	-	Manufacture and sales of new construction materials
Guiyang Conch Green Construction Co., Ltd. ("Guiyang Green Construction") (note (ii)) 貴陽海螺綠色建材有限公司	RMB 50,000,000	100%	100%	-	Manufacture and sales of new construction materials

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nanjing Conch New Green Material Technology Co., Ltd. ("Nanjing New Green Material") (note (ii)) 南京海螺綠色新型材料科技有限公司	RMB 50,000,000/ RMB 4,000,000	100%	-	100%	Manufacture and sales of new construction materials
Zongyang Conch New Green Material Co., Ltd. ("Zongyang New Green Material") (note (ii)) 縱陽海螺綠色新型材料有限公司	RMB 35,000,000	100%	100%	-	Manufacture and sales of new construction materials
Xingye Conch New Material Co., Ltd. ("Xingye New Material") (note (ii)) 興業海螺新材料有限責任公司	USD 6000,000	100%	-	100%	Manufacture and sales of new construction materials
Anhui Conch Construction Machinery Technology Co., Ltd. ("Anhui Construction Machinery") (note (ii)) 安徽海螺工程機械科技有限責任公司	RMB 40,000,000/ RMB 17,000,000	65%	-	65%	machinery installation and maintenance
Bozhou Conch Construction Sales Co., Ltd. ("Bozhou Construction Sales") (note (ii)) 亳州海螺建材銷售有限公司	RMB 100,000,000/ RMB Nil	52%	-	65%	Sales of construction materials and cement products
Guixi Yinggui (note (iii)) 貴溪市鷹貴預拌砂漿有限公司	RMB 26,000,000/ RMB 11,666,666	100%	-	100%	Road freight transport and sales of cement products
Linxia Tianxiang (note (iii)) 臨夏縣天翔商砼有限責任公司	RMB 40,000,000/ RMB 26,000,000	100%	-	100%	Road freight transport and sales of cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch (Hefei) Holding, Ltd. ("Hefei Holding") 海螺(合肥)控股有限公司(note (iii))	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Guangxi) Holding, Ltd. ("Guangxi Holding") (note (ii)) 海螺(廣西)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Zhejiang) Holding, Ltd. ("Zhejiang Holding") (note (ii)) 海螺(浙江)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

- (i) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 100%.
- (ii) These subsidiaries were newly established by the Group in 2022.
- (iii) These subsidiaries were acquired by the Group in 2022.
- (iv) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 60%.
- (v) These subsidiaries are intermediate holding companies of subsidiaries with non-controlling interests.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

All of the subsidiaries are limited liability companies except for Digang Conch, Chizhou Conch and Zhuangxiang Conch, which are joint stock limited companies.

The following table lists out the information relating to Prosperity Conch Cement Co., Ltd. and Conch Environment Protection, the subsidiaries of the Group which have a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Prosperity Conch Cement Co., Ltd.	
	2022 RMB'000	2021 RMB'000
NCI percentage	25%	25%
Current assets	5,834,004	6,029,094
Non-current assets	1,625,110	1,435,465
Current liabilities	278,320	644,207
Non-current liabilities	95,992	85,981
Net assets	7,084,802	6,734,371
Carrying amount of NCI	1,771,201	1,683,593
Revenue	2,578,070	3,527,547
Profit for the year	350,431	1,272,215
Total comprehensive income	350,431	1,272,215
Profit allocated to NCI	87,608	318,054
Dividend paid to NCI	–	200,000
Cash flows from operating activities	483,906	1,333,185
Cash flows from investing activities	(449,785)	(581,979)
Cash flows from financing activities	(28,774)	(772,325)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Conch Environment Protection 2022 RMB'000
NCI percentage	80%
Current assets	1,319,497
Non-current assets	7,839,485
Current liabilities	1,979,077
Non-current liabilities	3,346,374
Net assets	3,833,531
Carrying amount of NCI	3,198,569
	Period from 28 October 2022 to 31 December 2022 RMB'000
Revenue	352,965
Profit for the year	52,197
Total comprehensive income	52,197
Profit allocated to NCI	41,916
Dividend paid to NCI	-
Cash flows from operating activities	102,847
Cash flows from investing activities	(180,999)
Cash flows from financing activities	(77,897)

18 INTEREST IN ASSOCIATES

	31 December 2022 RMB'000	31 December 2021 RMB'000
Share of net assets	4,736,935	3,519,197
Goodwill	8,825	8,825
	4,745,760	3,528,022

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

The following list contains the associates of the Group, which are operating in the PRC:

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
West China Cement Limited ("West Cement") 中國西部水泥有限公司	GBP 20,000,000	Listed	27.43%	-	27.43%	Manufacture and sale of cement related products
China National Building Materials (Anhui) New Materials Industry Investment Fund partnership (Limited partnership)("CNBM Investment") 中建材(安徽)新材料產業投資基金合夥企業(有限合夥)	RMB 15,000,000,000	Unlisted	10.69%	10.67%	0.02%	Equity investment, asset management
China National Building Materials (Anhui) New Materials Fund Management Co., Ltd. ("CNBM Management") 中建材(安徽)新材料基金管理有限公司	RMB 50,000,000	Unlisted	7.62%	7.62%	-	Equity investment, asset management
Jiangsu Jiexia Environmental Protection Technology Co., Ltd. ("Jiangsu Jiexia") 江蘇傑夏環保科技有限公司	RMB80,000,000	Unlisted	7%	-	35.00%	Industrial solid and hazardous waste treatment
Yunfu Guangjia Haizhong Environmental Protection Technology Co., Ltd. ("Yunfu Guangjia") 雲浮光嘉海中環保科技有限公司	RMB60,000,000/ RMB16,500,000	Unlisted	8%	-	40.00%	Industrial solid and hazardous waste treatment

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
Chongqing Nantong Environmental Protection Technology Co., Ltd. ("Chongqing Nantong") 重慶南桐環保科技有限公司	RMB 30,000,000	Unlisted	6%	-	30.00%	Industrial solid and hazardous waste treatment
Nanchen Nuoke Haizhong Environmental Protection Technology Co., Ltd. ("Nanchen Nuoke") 南城諾客海中環保科技有限責任公司	RMB 18,000,000	Unlisted	9.8%	-	49.00%	Industrial solid and hazardous waste treatment
Shanghai Conch Venture Dixin Protection Development Co., Ltd. ("Shanghai Conch Venture") 上海海創德鑫環保發展有限公司	RMB50,000,000/ RMB0	Unlisted	12%	-	60.00%	Resource recycling service technical consultation

The Group's effective interest of West Cement increased from 27.43% as at 31 December 2021 to 29.80% as at 31 December 2022, as the Group further acquired 133,556,000 shares of West Cement in 2022.

Interest in associates of Jiangsu Jiexia, Yunfu Guangjia, Chongqing Nantong, Nanchen Nuoke, Shanghai Conch Venture are all arising from the business combination of Conch Environment Protection.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associate West Cement, adjusted for fair value and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	1 October 2021 - 30 September 2022 RMB'000	1 October 2020 - 30 September 2021 RMB'000
Revenue	7,899,950	8,722,641
Gain from continuing operations	1,515,017	1,588,616
Other comprehensive income	-	-
Total comprehensive income	1,515,017	1,588,616
Dividend received from the associate	141,008	136,913
Reconciled to the Group's interests in the associate		
Gross amount of net assets of the associate as at 30 September 2022/2021	11,195,460	11,420,516
Group's effective interest	29.80%	27.43%
Group's share of net assets of the associate	3,331,505	2,759,196
Goodwill	8,825	8,825
Others	219,625	276,191
Carrying amount in the consolidated financial statements as at 31 December 2022/2021	3,559,955	3,044,212

* Figures were quoted from the financial information disclosed by Yaobai Special Cement Group Co., Ltd., a domestic operating entity of West Cement, as at 30 September 2022, taking into account overseas consolidation adjustments and adjustments based on fair value at the time of investments.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2022	2021
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,185,805	483,810

	2022	2021
	RMB'000	RMB'000
Aggregate amounts of the Group's share of those associates that are not individually material		
Profit from continuing operations	4,581	–
Total comprehensive income	4,581	–

19 INTERESTS IN JOINT VENTURES

	31 December	31 December
	2022	2021
	RMB'000	RMB'000
Share of net assets	2,015,223	2,003,010
Goodwill	31,672	31,672
	2,046,895	2,034,682

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the Group's interests in joint ventures, which are unlisted and operating in the PRC and overseas, at 31 December 2022 are as follows (Indonesian Rupiah referred to as "IDR"):

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	RMB 348,000,000	50%	50%	-	Provision of installation and maintenance services of machinery
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬(蕪湖)國際貿易有限公司	USD 47,200,000	45%*	45%	-	Export and import business
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	USD 80,000,000	49%*	49%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	USD 42,000,000	45%*	45%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺(仰光)水泥有限公司	USD 10,000,000	50%	50%	-	Manufacture and sale of clinker and cement product

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Huaibei Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北相山水泥有限責任公司	RMB 408,628,000	40%*	40%	-	Manufacture and sale of clinker and cement product
PT Eternal Richway 印尼富恒利有限公司	USD 2,000,000	49%*	-	49%	Mining and related services
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	IDR 10,100,000,000	49%*	-	49%	Mining and related services
Anhui Conch Clean Energy Co., Ltd. ("Conch Clean Energy") 国家电投安徽海螺清洁能源有限公司	RMB 50,000,000	49%*	-	49%	wind power, photovoltaic power generation services
Wuhu Conch Wind Power Energy Technology Co., Ltd. ("Conch Wind Power Energy Technology") 蕪湖海螺風電能源科技有限公司	RMB 1,000,000	50%	-	50%	Wind power technology services and related engineering construction activities
Wuhu Fanchang Haixin Wind Power Energy Technology Co., Ltd. ("Haixin Wind Power Energy Technology") 蕪湖市繁昌區海鑫風電能源科技有限公司	RMB 1,000,000	50%	-	50%	Wind power technology services and related engineering construction activities

* According to the Articles of Association of these entities, the Group jointly controls these entities, together with other third parties.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of Xiangshan Cement, a material joint ventures, adjusted for fair value and any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2022 RMB'000	2021 RMB'000
Gross amounts of joint ventures		
Current assets	1,767,396	1,990,395
Non-current assets	2,389,914	2,158,129
Current liabilities	(537,137)	(452,748)
Non-current liabilities	(5,141)	(5,326)
Equity	3,615,032	3,690,450
Equity attributable to equity shareholders of the joint ventures	3,559,838	3,635,902
Included in the above assets and liabilities:		
Cash and cash equivalents	55,635	37,884
Revenue	2,254,853	2,580,926
Profit from continuing operations	522,429	852,438
Other comprehensive income	-	-
Total comprehensive income	522,429	852,438
Dividend received from the joint ventures	(240,000)	-
Included in the above profit:		
Depreciation and amortisation	(102,395)	(302,619)
Interest income	61,077	924
Interest expense	-	(50,017)
Income tax expense	(154,350)	(282,243)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

	2022 RMB'000	2021 RMB'000
Reconciled to the Group's interests in joint ventures		
Gross amounts of net assets	3,559,838	3,635,902
Group's effective interest	40%	40%
Group's share of net assets of the joint ventures	1,366,609	1,396,857
Goodwill	26,048	26,048
Carrying amount in the consolidated financial statements	1,392,657	1,422,905

Information of the other joint venture that are not material:

	2022 RMB'000	2021 RMB'000
Carrying amount of the Group's interests in other joint ventures in the consolidated financial statements	654,238	611,778
Amount of the Group's share of the joint venture's		
Loss from continuing operations	(169,482)	(74,702)
Other comprehensive income	(15,899)	(65,655)
Total comprehensive income	(185,381)	(140,357)

20 LOANS AND RECEIVABLES

	31 December 2022 RMB'000	31 December 2021 RMB'000
Loans and receivables	596,846	637,946
Less: current portion of loans and receivables (note 26)	(304,189)	(186,579)
	292,657	451,367

As at 31 December 2022, loans and receivables of the Group mainly represent advances made to local government authorities.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

21 LONG-TERM PREPAYMENTS

As at 31 December 2022, the long-term prepayments comprised of prepayments of RMB1,986,567,000 (2021: RMB2,193,340,000) for acquisition of limestone mining rights and machinery, long term value-added tax recoverable of RMB332,402,000 (2021: RMB nil) and the deposits of RMB10,000,000 (2021: RMB10,000,000) for obtaining the mining resource rights. The deposits will not be refunded and are treated as part of the long-term assets when the acquisitions of such long-term assets are completed.

22 FINANCIAL ASSETS MEASURED AT FVOCI

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non- trading purpose)	(i)	2,253,410	798,127
– Unlisted equity investment (Non- trading purpose)	(ii)	71,776	71,776
		2,325,186	869,903

Note (i): Financial assets measured at FVOCI – listed equity securities held by the Group are shares in Anhui Xinli Finance Co., Ltd. which is listed on the Shanghai Stock Exchange (“SSE”), China Conch Venture Holdings Limited and Huaxin Cement Co., Ltd. which are listed on Hong Kong Stock Exchanges (“HKEX”). The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2022 and 31 December 2021.

Note (ii): As at 31 December 2022, the fair value of the unlisted equity investment is approximately the same as its cost.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

23 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Raw materials	4,342,519	4,200,131
Work in progress	353,020	351,245
Finished goods	6,259,245	4,578,709
Spare parts	724,210	766,087
	11,678,994	9,896,172

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Carrying amounts of inventories sold	100,624,440	116,395,280

All of the inventories are expected to be recovered within one year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

24 TRADE AND BILLS RECEIVABLES

	31 December 2022 RMB'000	31 December 2021 RMB'000
Trade debtors	5,678,753	2,402,872
Less: loss allowance for doubtful debts	(74,935)	(37,077)
	5,603,818	2,365,795
Bank acceptance notes receivable, carried at amortised cost	8,571,864	7,968,386
Commercial acceptance notes receivable, carried at amortised cost	19,929	20,366
Bank acceptance notes receivable, carried at FVOCI	2,762,318	4,227,831
	16,957,929	14,582,378

All of the trade and bills receivables are expected to be recovered within one year.

(a) Ageing analysis

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

24 TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Ageing analysis (continued)

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.

Further details on the Group's credit policy are set out in note 40(a).

(b) Endorsed/discounted bank acceptance notes

As at 31 December 2022, the Group endorsed the undue bank acceptance notes receivable of RMB5,202,801,000 (2021: RMB8,864,148,000) to its suppliers to settle trade payables of the same amounts and derecognised these bank acceptance notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 31 December 2022, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB5,202,801,000 (2021: RMB8,864,148,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable are derecognised if management consider, based on its "risks and rewards" evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bank acceptance notes receivable.

As at 31 December 2022, undue bank acceptance notes receivable of RMB837,722,000 (2021: RMB1,893,635,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

24 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Endorsed/discounted bank acceptance notes (continued)

As at 31 December 2022, undue bank acceptance notes receivable of RMB1,988,195,000 (2021: RMB1,594,946,000) discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loan was recognised accordingly. All these undue bank acceptance notes receivable were due within 1 year.

(c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB2,762,318,000 (2021: RMB4,227,831,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

25 FINANCIAL ASSETS MEASURED AT FVPL

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000
Current Financial assets measured at FVPL			
Structured deposits	(i)	8,056,303	11,185,239
Wealth management products	(i)	1,528,070	12,276,660
Listed equity securities at FVPL	(ii)	1,170,548	816,671
		10,754,921	24,278,570
Non-current Financial assets measured at FVPL			
Wealth management products	(i)	1,001,300	2,972,650
		1,001,300	2,972,650

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 FINANCIAL ASSETS MEASURED AT FVPL (CONTINUED)

Note (i): As at 31 December 2022, the balance represents investments in short-term wealth management products, long-term wealth management products and structured deposits. The principal amounts of these products are RMB10,400,000,000 (2021: RMB25,907,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 31 December 2022 as their contractual cash flows are not solely payments of principal and interest.

Note (ii): Financial assets measured at FVPL – listed equity securities held by the Group are shares in Gansu Shangfeng Cement Co., Ltd., Jilin Yatai (Group) Co., Ltd. and Xinjiang Tianshan Cement Co., Ltd. which are listed on the SSE. These listed equity securities are held for trading purpose. The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2022.

26 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Purchase prepayments	2,904,818	1,155,229
Current portion of loans and receivables (note 20)	304,189	186,579
Value-added tax recoverable and other tax prepayment	1,211,930	571,384
Other receivables	3,453,549	2,989,432
	7,874,486	4,902,624

All of the prepayments and other receivables are expected to be recovered within one year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

27 AMOUNTS DUE FROM/TO RELATED PARTIES

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Amounts due from:		
Papua Cement	49,206	24,842
Conch Kawasaki Equipment	261,245	248,509
Anhui Conch Construction Materials Design Centre ("Conch Design Institute") 安徽海螺建材設計研究院有限責任公司	38,429	9,979
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	6,706	63,469
Myanmar Conch	68,211	34,760
Anhui Conch Venture Green Energy Environmental Protection Group Co., Ltd. ("Anhui Conch Venture Green Energy and its subsidiaries") 安徽海創綠能環保集團股份有限公司及其附屬公司	12,528	7,846
Anhui Conch Kawasak Engineering Co., Ltd. and its subsidiaries ("CK Engineering and its subsidiaries") 安徽海螺川崎工程有限公司及其附屬公司	58,441	98,953
Xiangshan Cement and its subsidiaries	76,579	6,667
Chengli Construction Material	3,999	426
PT Eternal Richway	38,784	31,974
Other related parties	49,498	70,252
	663,626	597,677

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

27 AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Amounts due to:		
Conch Kawasaki Equipment	48,250	24,692
CK Equipment	36,565	20,350
Papua Cement	27,372	6,044
Anhui Conch Information Technology Engineering Co., Ltd. and its subsidiaries ("Conch IT Engineering and its subsidiaries")安徽海螺信息技術工程有限公司及其附屬公司	48,077	41,512
CK Engineering and its subsidiaries	153,052	9,170
Conch Design Institute	107,330	115,341
Other related parties	480,963	203,744
	901,609	420,853

The amounts due from/to related parties mainly arose from the related party transactions as disclosed in note 43. The amounts due from/to related parties are unsecured and repayable on demand.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Cash at bank and on hand	16,157,918	17,222,671
Other cash and cash equivalents	505	174,866
Cash and cash equivalents in the statement of financial position and consolidated cash flow statement	16,158,423	17,397,537

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations

	Notes	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Profit before taxation		20,232,112	44,149,358
Adjustments for:			
Depreciation of investment properties and other property, plant and equipment	7(c)	6,140,489	5,504,568
Accrual of impairment loss on trade receivables, prepayments and other receivables	7(c)	1,568	24,173
Amortisation of intangible assets	7(c)	648,458	453,624
Finance costs	7(a)	524,630	333,671
Interest income	6	(2,217,695)	(2,229,703)
Share of profits of associates		(402,632)	(385,331)
Share of profits of joint ventures		(233,753)	(245,949)
Net loss/(gain) on disposal of property, plant and equipment	6	111,124	(57,738)
Net realised and unrealised loss/(gain) on financial assets measured at FVPL	6	2,031	(1,334,505)
Dividend income from financial assets measured at FVOCI	6	(138,145)	(624)
Net gain on disposal of an associate	6	(91,838)	–
Gain arising from bargain purchase	6	(12,102)	(90,981)
Before changes in working capital carried forward		24,564,247	46,120,563

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations (continued)

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Before changes in working capital brought forward	24,564,247	46,120,563
Changes in working capital:		
(Increase) in inventories	(1,711,974)	(2,691,471)
(Increase) in trade and bills receivables	(4,239,256)	(2,337,736)
(Increase)/decrease in prepayments and other receivables	(1,430,572)	2,660,386
(Increase)/decrease in amounts due from related parties	(112,340)	4,860
Increase in trade and bills payables	1,060,466	1,204,022
Increase/(decrease) in contract liabilities	187,326	(1,038,156)
(Decrease)/increase in other payables and accruals	(1,581,672)	95,210
Increase in amounts due to related parties	106,979	4,588
Increase in deferred income	34,530	27,817
Cash generated from operations	16,877,734	44,050,083

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
At 1 January 2022	8,272,563	3,498,708	10,737,565	70,777	22,579,613
Changes from financing cash flows:					
Proceeds from new bank loans and other borrowings	14,300,632	-	-	-	14,300,632
Repayment of bank loans and other borrowings	(3,090,016)	(3,498,708)	-	-	(6,588,724)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(411,072)	-	(411,072)
Other payments related to financing activities	-	-	(368,434)	-	(368,434)
Capital and interest element of lease rentals paid	-	-	-	(32,273)	(32,273)
Total changes from financing cash flows	11,210,616	(3,498,708)	(779,506)	(32,273)	6,900,129

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
Exchange adjustments	180,798	-	-	-	180,798
Other changes:					
Increase through business combination not under common control	3,920,161	-	1,119,050	6,767	5,045,978
Non-cash settlement of bills discounted	(1,594,946)	-	-	-	(1,594,946)
Changes arising from operating and investing activities	-	-	(204,326)	-	(204,326)
Increase in lease liabilities from entering into new leases during the year	-	-	-	31,521	31,521
Interest expenses (note 7(a))	-	-	-	4,126	4,126
Dividends declared to non-controlling interests of non-wholly owned subsidiaries	-	-	411,072	-	411,072
Total other changes	2,325,215	-	1,325,796	42,414	3,693,425
At 31 December 2022	21,989,192	-	11,283,855	80,918	33,353,965

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
Balance at 31					
December 2020, as previously reported	6,856,072	3,498,370	7,461,259	53,732	17,869,433
Business combination under common control	-	-	411	3,467	3,878
Balance at 1 January 2021, as restated	6,856,072	3,498,370	7,461,670	57,199	17,873,311
Changes from financing cash flows, as restated:					
Proceeds from new bank loans and other borrowings	3,885,583	-	-	-	3,885,583
Repayment of bank loans and other borrowings	(3,617,576)	-	-	-	(3,617,576)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(606,419)	-	(606,419)
Other payments related to financing activities	-	-	(124,582)	-	(124,582)
Capital and interest element of lease rentals paid	-	-	-	(20,816)	(20,816)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
Total changes from financing cash flows	268,007	–	(731,001)	(20,816)	(483,810)
Exchange adjustments	(39,077)	–	–	–	(39,077)
Other changes:					
Increase through business combination not under common control	1,187,561	–	1,466,210	12,037	2,665,808
Changes arising from operating and investing activities	–	338	1,929,888	–	1,930,226
Increase in lease liabilities from entering into new leases during the year	–	–	–	19,621	19,621
Interest expenses (note 7(a))	–	–	–	2,736	2,736
Dividends declared to non-controlling interests of non-wholly owned subsidiaries	–	–	610,798	–	610,798
Total other changes	1,187,561	338	4,006,896	34,394	5,229,189
At 31 December 2021, as restated	8,272,563	3,498,708	10,737,565	70,777	22,579,613

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022 RMB'000	2021 RMB'000
Within operating cash flow	42,838	30,488
Within investing cash flow	602,161	1,042,178
Within financing cash flow	32,273	20,816
	677,272	1,093,482

These amounts relate to the following:

	2022 RMB'000	2021 RMB'000
Lease rentals paid	75,111	51,304
Purchase of leasehold land use rights	602,161	1,042,178
	677,272	1,093,482

(e) Net cash outflow arising from the acquisition of subsidiaries

	2022 RMB'000	2021 RMB'000
Consideration paid in cash in respect of prior year's acquisition	1,298,791	46,169
Consideration paid in cash in respect of current year's acquisition	419,718	2,703,218
Less: cash and cash equivalents of subsidiaries acquired during the year	(636,247)	(136,366)
	1,082,262	2,613,021

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 TRADE AND BILLS PAYABLES

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Trade payables	6,448,179	6,535,773
Bills payables	211,695	63,000
	6,659,874	6,598,773

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(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	-	-
	6,659,874	6,598,773

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

30 OTHER PAYABLES AND ACCRUALS

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Construction cost payables	3,631,279	1,850,683
Deposits from suppliers	1,964,226	1,500,076
Retention monies	496,935	643,997
Expense accruals	582,125	490,715
Value-added tax payables	681,213	1,150,345
Other taxes payables	683,418	769,248
Payables for acquisition of subsidiaries	887,515	2,059,719
Payroll payables	1,639,167	1,557,652
Other payables	717,977	715,130
	11,283,855	10,737,565

31 CONTRACT LIABILITIES

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Contract liabilities		
Receipts in advance from customers		
– For purchase of clinker and cement products	3,554,173	3,246,461
– For solid and hazardous waste treatment service	10,676	–
	3,564,849	3,246,461

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

31 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Balance at 1 January	3,246,461	4,237,557
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(3,246,461)	(4,237,557)
Net increase in contract liabilities as a result of cash receipts in advance from customers for purchase of clinker and cement products (net off the contract liabilities as a result of recognising revenue during the year)	3,564,849	3,246,461
Balance at 31 December	3,564,849	3,246,461

32 CURRENT BANK LOANS AND OTHER BORROWINGS

The analysis of the carrying amount of current bank loans and other borrowings is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Bank loans (note 34)		
– unsecured	10,268,032	2,848,822
– secured	44,314	81,100
– bills discounted	1,988,195	1,594,946
Unsecured debentures	–	3,498,708
	12,300,541	8,023,576

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

33 NON-CURRENT BANK LOANS AND OTHER BORROWINGS

- (a) The analysis of the carrying amount of non-current interest-bearing borrowings is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Bank loans (note 34)		
– unsecured	8,584,119	3,677,588
– secured	1,104,532	70,107
	9,688,651	3,747,695

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

- (b) Significant terms and repayment schedule of debentures:

In November 2012, the Company issued corporate bonds with an aggregate principal amount of RMB3,500,000,000 with a maturity period of 10 years (“10-year bond”). The 10-year bond carried fixed annual interest rate of 5.10%, which is repaid annually.

The Company repurchased a principal amount of RMB1,000,000 of 10-year bond on 7 November 2019. All remaining principal amount of the 10-year bond is fully repaid on 7 November 2022.

Conch Holdings provides unconditional and irrevocable joint liability guarantee for the above corporate bonds over the respective maturity period.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

34 BANK LOANS

At 31 December 2022, the bank loans were repayable as follows:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Within 1 year or on demand (note 32)	12,300,541	4,524,868
After 1 year but within 2 years	2,158,813	1,288,335
After 2 years but within 5 years	6,400,622	1,929,252
After 5 years	1,129,216	530,108
Total non-current bank loans (note 33(a))	9,688,651	3,747,695
	21,989,192	8,272,563

At 31 December 2022, the bank loans were secured as follows:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Bank loans		
– unsecured	18,852,151	6,526,410
– secured	1,148,846	151,207
– bills discounted (note 24(b))	1,988,195	1,594,946
	21,989,192	8,272,563

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

34 BANK LOANS (CONTINUED)

Notes:

- (i) As at 31 December 2022, in addition to the bills discounted, certain bank loans, amounting to RMB1,001,076,000 (2021: RMB81,100,000) were secured by certain assets of the Group. An analysis of the carrying value of these pledged assets is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Intangible assets (note 15)	1,212,430	–
Other property, plant and equipment (note 14)	69,794	180,576
	1,282,224	180,576

- (ii) As at 31 December 2022, bank loans of the Group amounting to RMB64,610,000 (2021: RMB70,107,000) were guaranteed by Conch Investment, a subsidiary of substantial shareholder of the Company.

As at 31 December 2022, bank loans of the Group amounting to RMB1,000,000 (2021: nil) were guaranteed by Quanjiao Urban Infrastructure Development And Construction Co., Ltd., the non-controlling shareholders of Quanjiao Conch Construction Technology Co., Ltd., which is a subsidiary of the Group.

As at 31 December 2022, bank loans of the Group amounting to RMB12,333,000 (2021: nil) were jointly guaranteed by Wuhu Conch Venture Environmental Protection Technology Co., Ltd. 蕪湖海創環保科技有限責任公司, a subsidiary of Conch Environment Protection, and the non-controlling shareholders of Guiyang Conch Venture Environmental Protection Technology Co., Ltd. 貴陽海創環保科技有限責任公司.

As at 31 December 2022, bank loans of the Group amounting to RMB47,857,000 (2021: nil) were secured by right-of-use assets of Luoyang Haizhong Environmental Protection Technology Co., Ltd. 洛陽海中環保科技有限責任公司, a subsidiary of Conch Environment Protection, and were also guaranteed by Anhui Haizhong Environmental Protection Technology Co., Ltd. 安徽海中環保有限責任公司, a subsidiary of Conch Environment Protection.

As at 31 December 2022, bank loans of the Group amounting to RMB21,970,000 (2021: nil) were guaranteed by an independent third party.

- (iii) As at 31 December 2022, total available banking facilities of the Group amounted to RMB91,343,503,000 (2021: RMB48,162,047,000). These facilities were utilised as bank loans to the extent of RMB18,852,151,000 (2021: RMB6,526,410,000) as at 31 December 2022.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

35 LEASE LIABILITIES

At 31 December 2022, the lease liabilities were repayable as follows:

	At 31 December 2022		At 31 December 2021	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000 (restated) (Note 4(b))	Total minimum lease payments RMB'000 (restated) (Note 4(b))
Within 1 year	24,869	25,679	21,130	21,610
After 1 year but within 2 years	17,343	19,208	10,976	11,779
After 2 years but within 5 years	11,577	13,615	12,837	14,674
After 5 years	27,129	46,465	25,834	46,955
	56,049	79,288	49,647	73,408
	80,918	104,967	70,777	95,018
Less: total future interest expense		(24,049)		(24,241)
Present value of lease liabilities		80,918		70,777

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

36 LONG-TERM PAYABLES

The remaining contractual maturities of the Group's long-term payables at the end of the reporting period are as follows:

	At 31 December 2022		At 31 December 2021	
	Present value of the long-term payments RMB'000	Total long-term payments RMB'000	Present value of the long-term payments RMB'000	Total long-term payments RMB'000
Within 1 year	65,013	66,273	62,585	63,845
After 1 year but within 2 years	59,430	63,591	59,662	63,845
After 2 years but within 5 years	160,851	189,253	161,303	189,760
After 5 years	90,752	120,281	135,398	183,365
	311,033	373,125	356,363	436,970
	376,046	439,398	418,948	500,815
Less: total future interest expense		(63,352)		(81,867)
Present value of long-term payables		376,046		418,948

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

37 DEFERRED INCOME

	31 December 2022 RMB'000	31 December 2021 RMB'000
At 1 January	714,166	686,349
Government grants received (note)	115,671	107,940
Recognised in the consolidated statement of profit or loss	(81,141)	(80,123)
At 31 December	748,696	714,166

Note: Deferred income mainly represents the government grants received from relevant PRC authorities for property, plant and equipment improvement, such as energy-efficiency improvement. The grants are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective assets. There are no unfulfilled conditions and contingencies relating to the grants.

38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Balance at 1 January	3,329,771	3,900,691
Provision for the year (note 8(a))	4,057,389	9,583,931
Tax paid during the year	(7,228,466)	(10,154,851)
Balance at 31 December	158,694	3,329,771
Representing:		
Tax recoverable	(611,940)	(235,845)
Tax payable	770,634	3,565,616
	158,694	3,329,771

38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Expected credit loss allowances and impairment	Unrealised profits (Note)	Fair value adjustment Arising from business combination	Tax losses	Deferred deductible expense	Property, plant and equipment	Deferred income	Fair value change of financial asset measured at FVOCI	Financial assets measured at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:										
At 1 January 2021	(244,516)	(403,705)	325,348	(99,859)	(145,160)	536,953	(119,432)	70,161	-	(80,210)
Charged/(credited) to income statement	50,951	54,074	(41,987)	(18,782)	16,800	304,928	(16,406)	-	15,917	365,495
Credited to reserves	-	-	-	-	-	-	-	11,227	-	11,227
Arising from acquisition	(4,495)	-	222,286	-	-	-	-	-	-	217,791
At 31 December 2021, as restated	(198,060)	(349,631)	505,647	(118,641)	(128,360)	841,881	(135,838)	81,388	15,917	514,303
At 1 January 2022, as restated	(198,060)	(349,631)	505,647	(118,641)	(128,360)	841,881	(135,838)	81,388	15,917	514,303
Charged/(credited) to income statement	41,814	(140,736)	(40,245)	(172,499)	16,800	274,397	(14,200)	-	(147,961)	(182,630)
Credited to reserves	-	-	-	-	-	-	-	(171,956)	-	(171,956)
Arising from acquisition	(47,507)	-	330,723	-	-	-	-	-	-	283,216
At 31 December 2022	(203,753)	(490,367)	796,125	(291,140)	(111,560)	1,116,280	(150,038)	(90,568)	(132,044)	442,933

Note: The unrealised profits arose from intra-group sales of inventories and property, plant and equipment, intra-group borrowings, and sale of inventories and property, plant and equipment to/from associates and joint ventures.

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Net deferred tax assets recognised on the consolidated statement of financial position	(1,248,931)	(758,062)
Net deferred tax liabilities recognised on the consolidated statement of financial position	1,691,864	1,272,365
	442,933	514,303

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB305,000,000 (2021: RMB352,236,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The Group has not recognised deferred tax assets in respect of certain impairment of property, plant and equipment of RMB47,730,000 (2021: RMB47,888,000) for the same reason mentioned above.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Other reserves	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2021		5,299,303	16,579,355	217,270	2,649,654	210,483	-	123,396,028	148,352,093
Changes in equity for 2021:									
Profit for the year		-	-	-	-	-		24,743,377	24,743,377
Other comprehensive income		-	-	-	-	57,316	-	-	57,316
Total comprehensive income		-	-	-	-	57,316	-	24,743,377	24,800,693
Increase by business combination under common control		-	(110,252)	-	-	-	-	-	(110,252)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	(17,726)	-	17,726	-
Dividends approved in respect of the previous year	39(b)	-	-	-	-	-	-	(11,234,521)	(11,234,521)
Balance at 31 December 2021		5,299,303	16,469,103	217,270	2,649,654	250,073	-	136,922,610	161,808,013

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

The Company	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Other reserves	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2022		5,299,303	16,469,103	217,270	2,649,654	250,073	-	136,922,610	161,808,013
Changes in equity for 2022:									
Profit for the year		-	-	-	-	-	-	6,140,552	6,140,552
Other comprehensive income		-	-	-	-	(1,053,433)	-	-	(1,053,433)
Total comprehensive income		-	-	-	-	(1,053,433)	-	6,140,552	5,087,119
Increase by business combination under common control		-	(27,021)	-	-	-	-	-	(27,021)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	537,566	-	(537,566)	-
Dividends approved in respect of the previous year	39(b)	-	-	-	-	-	-	(12,612,340)	(12,612,340)
Others		-	-	-	-	-	15,429	(15,429)	-
Balance at 31 December 2022		5,299,303	16,442,082	217,270	2,649,654	(265,794)	15,429	129,897,827	154,255,771

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	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	7,842,968	12,612,340

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

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

	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	12,612,340	11,234,521

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

(i) Registered and issued share capital

	31 December 2022		31 December 2021	
	No. of shares ('000)	Amount RMB'000	No. of shares ('000)	Amount RMB'000
Registered:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303
Issued and fully paid:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303

The Company issued 361,000,000 H shares with a par value of RMB1.00 each in October 1997 at an issue price of Hong Kong Dollars (the "HKD") 2.28 per share. The H shares were listed on the Stock Exchange of Hong Kong Limited on 21 October 1997.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in January 2002 at an issue price of RMB4.10 per share. The A shares were listed on the SSE on 7 February 2002.

The Company issued 72,200,000 H shares with a par value of RMB1.00 each at an issue price of HKD8.20 per share in November 2003.

According to the resolution of the A-share shareholders' meeting held on 20 February 2006, the Proposal of Share Segregation Reform of Anhui Conch Cement Company Limited ("the Proposal") was approved whereby Conch Holdings agreed to pay cash consideration of RMB15 for every 10 floating A shares held by holders of floating A shares at the total amount of RMB300,000,000 with a view to obtaining a restricted listing right for the 622,480,000 non-floating state-owned shares of the Company then held by Conch Holdings. After the implementation of the Proposal, the proportion and number of shares in the Company held by holders of A shares and state-owned shares as well as the total issued share capital of the Company remained unchanged. The State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province ("SASAC") approved the Proposal on 15 February 2006.

On 1 March 2007, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 shares with trading restrictions (representing approximately 5% of the total issued shares of the Company at 31 December 2006) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 7 March 2007.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

On 24 April 2007, the Company obtained the approval of CSRC and (i) issued an aggregate of 22,755,147 A shares to Conch Holdings as consideration for the acquisition of 100% equity interest of Ningchang Plastic, 75% equity interest of Wuhu Plastic and 100% equity interest of Conch International Trading; and (ii) issued an aggregate of 287,999,046 A shares to Anhui Conch Venture Investment Co., Limited (“CV Investment”) (安徽海螺創業投資有限責任公司) as consideration for the acquisition of 49% equity interest in Digang Conch, 49% equity interest in Zongyang Conch, 49% equity interest in Chizhou Conch and 31.86% equity interest in Tongling Conch. Pursuant to these transactions, the registered capital of the Company was increased to RMB1,566,434,193 by the issuance of an additional 310,754,193 restricted A shares of RMB1 each, ranking pari passu with the then existing shares of the Company in all respects, except for the trading restrictions as noted above.

On 25 February 2008, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 A shares with trading restrictions (representing approximately 4% of the total issued shares of the Company at 31 December 2007) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 3 March 2008.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in May 2008 at an issue price of RMB57.38 per share, ranking pari passu with the then existing shares of the Company in all respects. The aforementioned A shares were listed on the SSE on 28 May 2008.

On 25 February 2009, the board of directors of the Company applied to the SSE for the listing of the 496,912,000 shares with trading restrictions (representing approximately 28% of the total issued shares of the Company at 31 December 2008) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 496,912,000 shares with trading restrictions on 2 March 2009.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

On 20 May 2010, the board of directors of the Company applied to the SSE for the listing of the 310,754,000 shares with trading restrictions (representing approximately 18% of the total issued shares of the Company at 31 December 2009) in the Company held by Conch Holdings, CV Investment and Ping An Trust and Investment Co., Ltd. on the SSE. The SSE approved the listing of such 310,754,000 shares with trading restrictions on 26 May 2010.

A shares and H shares rank pari passu in all respects, except that dividends on A shares are payable in RMB, while dividends on H shares are payable in HKD.

(ii) Capitalisation issue

The 2010 Annual General Meeting held on 31 May 2011 approved the bonus issue of 5 shares for every 10 shares held by the shareholders as at 15 June 2011. As a result, the issued share capital of the Company increased from RMB3,532,868,000 to RMB5,299,303,000 after capitalisation of share premium of RMB1,766,435,000.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents net assets acquired from Conch Holdings in excess of the par value of shares issued, proceeds from the issuance of H shares and A shares (or fair value of A shares) issued in excess of their par value, net of underwriting commissions, professional fees and other reorganisation costs for listing purpose, and the effect of combination under common control.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(ii) Capital reserve

The capital reserve comprises the following:

- the differences between the cost of acquisition of non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired;
- cash contributed by Conch Holdings; and
- share of change of capital reserve of the investees.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its subsidiaries shall appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) as determined in accordance with CAS to the statutory surplus reserve account. When the balance of such reserve fund reaches 50% of the registered capital of the Company or any of its subsidiaries, further appropriation to that company will become optional.

The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital after proper approval. However, except for offsetting prior years' losses, the statutory surplus reserve of the Company and each subsidiary should be maintained at a minimum of 25% of the registered capital after utilisation.

For the year ended 31 December 2022, the subsidiaries of the Company appropriated the statutory surplus reserve in accordance with the articles of association. No statutory surplus reserve was appropriated for the Company in 2022, since the balance of the statutory surplus reserve reached 50% of the registered capital of the Company.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(iv) Other reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve for the safety production purpose. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(g)).

(vi) Retained earnings

The distribution of dividends is made in accordance with the Company's articles of association at the recommendation of the Board of Directors and subject to approval by shareholders in general meetings. Pursuant to the Notice [1995] 31 issued by the Ministry of Finance of the PRC on 24 August 1995, the amount of profit available for distribution to equity shareholders will be determined based on the lower of unappropriated profits in the Company's financial statements determined in accordance with (i) CAS and regulations, and (ii) IFRSs.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is calculated as bank loans and other borrowings plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2022 and 2021 was as follows:

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(b))
Current liabilities:			
Bank loans and other borrowings	32	12,300,541	8,023,576
Lease liabilities	35	24,869	21,130
Current portion of long-term payables	36	65,013	62,585
Non-current liabilities:			
Bank loans and other Borrowings	33(a)	9,688,651	3,747,695
Lease liabilities	35	56,049	49,647
Long-term payables	36	311,033	356,363
Total debt		22,446,156	12,260,996
Add: Proposed dividends	39(b)	7,842,968	12,612,340
Less: Cash and cash Equivalents	28(a)	(16,158,423)	(17,397,537)
Adjusted net debt		14,130,701	7,475,799
Total equity attributable to equity shareholders of the Company		183,562,632	183,601,585
Less: Proposed dividends	39(b)	(7,842,968)	(12,612,340)
Adjusted capital		175,719,664	170,989,245
Adjusted net debt-to-capital ratio		8.04%	4.37%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in listed entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bank acceptance notes receivable is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 42, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 42.

Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2022: 29.97% (2021: 19.86%) of the total trade receivables was due from the Group's five largest customers.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mainly due within 30 to 180 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables based on different customer segments due to different loss patterns.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2022 and 2021:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

	Expected loss rate	2022	
		Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Debtors from sales and trading of clinker, cement products and other materials and others			
Current (not past due)	0%	4,104,306	–
1 – 6 months past due	1%	566,942	5,777
6 – 12 months past due	10%	173,041	17,304
12– 24 months past due	20%	21,354	4,271
More than 24 months past due	100%	12,090	12,090
		4,877,733	39,442
Debtors from solid and hazardous waste treatment service			
Current (not past due)	1%	542,823	3,601
Less than 1 year past due	7%	236,379	16,297
1 to 2 years past due	59%	15,261	9,038
Over 2 years	100%	2,516	2,516
		796,979	31,452
Individual assessment	100%	4,041	4,041
		801,020	35,493

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

	2021		
	Expected loss rate	Gross carrying amount	Loss allowance
Debtors from sales and trading of clinker, cement products and other materials and others	%	RMB'000	RMB'000
Current (not past due)	0%	1,688,915	–
1 – 6 months past due	1%	501,684	7,338
6 – 12 months past due	10%	198,746	19,875
12– 24 months past due	20%	4,578	915
More than 24 months past due	100%	8,949	8,949
		2,402,872	37,077

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the expected credit loss allowance account in respect of trade debtors during the year is as follows:

	31 December 2022	31 December 2021
	RMB'000	RMB'000
Balance at 1 January	37,077	12,904
Increase through business combination not under common control	36,290	–
Written off during the year	–	–
Reversal of impairment losses during the year	–	(1,458)
Impairment losses recognised during the year	1,568	25,631
Balance at 31 December	74,935	37,077

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Other than endorsed bank acceptance notes with full recourse which were derecognised by the Group (see note 24), the following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2022 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and bills payables	6,659,874	-	-	-	6,659,874	6,659,874
Other payables and accruals	11,283,855	-	-	-	11,283,855	11,283,855
Bank loans and other borrowings	12,619,378	2,348,552	6,725,105	1,279,172	22,972,207	21,989,192
Lease liabilities	25,470	17,420	12,222	42,462	97,574	80,918
Long-term payables	66,273	63,591	189,253	120,281	439,398	376,046
Amounts due to related parties	889,739	-	-	-	889,739	889,739
	31,544,589	2,429,563	6,926,580	1,441,915	42,342,647	41,279,624

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

	2021 Contractual undiscounted cash outflow (restated)					Total	Carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills payables	6,598,773	-	-	-	6,598,773	6,598,773	
Other payables and accruals	10,737,565	-	-	-	10,737,565	10,737,565	
Bank loans and other borrowings	8,317,521	1,859,880	1,495,081	551,364	12,223,846	11,771,271	
Lease liabilities	20,130	10,656	13,259	46,955	91,000	70,777	
Long-term payables	63,845	63,845	189,760	183,365	500,815	418,948	
Amounts due to related parties	411,780	-	-	-	411,780	411,780	
	26,149,614	1,934,381	1,698,100	781,684	30,563,779	30,009,114	

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's net cash at the end of the reporting period.

	2022		2021 (restated)	
	Interest rate %	RMB'000	Interest rate %	RMB'000 (restated) (Note 4(b))
Net fixed rate borrowings:				
Bank loans	0.50%-4.90%	10,944,647	0.57%~6.74%	4,572,885
Unsecured debentures	-	-	5.10%	3,498,708
Lease liabilities	4.35%-4.90%	80,918	4.35% ~ 6.18%	70,776
Long-term payables	4.75%~4.90%	311,033	4.75% ~ 4.90%	356,363
Current portion of long-term payables	4.75%~4.90%	65,013	4.75% ~ 4.90%	62,585
Less: Loans and receivables	-	-	4.75%	(69,800)
Prepayments and other receivables	4.35%~4.75%	(127,910)	4.35%~4.75%	(73,000)
Restricted cash deposits	1.10%~3.85%	(530,804)	1.75%~3.85%	(330,948)
Bank deposits with maturity over three months	1.55%~6.05%	(40,899,551)	1.95%~5.95%	(51,520,792)
		(30,156,654)		(43,433,223)
Variable rate borrowings:				
Bank loans	1.70%~4.00%	11,044,545	0.85%~4.28%	3,699,678
Less: Restricted cash deposits	0.30%~1.55%	(276,926)	0.30%~1.65%	(309,232)
Cash and cash equivalents	0.01%~6.00%	(16,153,167)	0.04%~4.00%	(17,382,214)
		(5,385,548)		(13,991,768)
Total		(35,542,202)		(57,424,991)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately RMB33,899,000 (2021: increased/decreased RMB106,454,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to fair value interest rate risk arising from fixed rate non-derivative instruments held by the Group at the end of the reporting period, the Group does not account for any fixed rate non-derivative instruments at FVPL. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2021.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, bank loans and other borrowings and cash balances that are denominated in a foreign currency, i. e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are United States Dollar, Thai Baht, Hong Kong Dollar and RMB. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of cash and cash equivalents, receivables, payables, bank loans and other borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date (United States Dollar referred to as "USD", Thai Baht referred to as "THB", Hong Kong Dollar referred to as "HKD"):

	Exposure to foreign currencies (expressed in RMB'000)									
	2022					2021				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
The functional currency is RMB:										
Trade and bills receivables	-	-	-	-	-	6,824	-	-	-	-
Trade and bills payables	(14,642)	-	-	-	-	(17,741)	-	-	-	(1,427)
Cash and cash equivalents	1,226,504	-	48	-	-	435,257	-	4,278	-	-
Bank loans and other borrowings	-	-	-	-	(64,610)	-	-	-	-	(70,107)
Other receivables	654,672	-	-	-	-	-	-	-	-	-
The functional currency is Indonesia Rupiah:										
Cash and cash equivalents	8,651	-	-	24,579	-	34,616	-	-	9,128	-
Bank loans and other borrowings	(923,970)	-	-	(2,021,275)	-	(1,406,904)	-	-	(1,154,825)	-

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in RMB'000)									
	2022					2021				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
The functional currency is Lao Kip:										
Cash and cash equivalents	21,182	1	-	103	-	1,303	1	-	24,866	-
Trade and bills payables	-	-	-	-	-	-	-	-	(342)	-
Bank loans and other borrowings	-	-	-	(690,000)	-	-	-	-	-	-
The functional currency is Myanmar Kyat:										
Cash and cash equivalents	1,488	-	-	786	-	10,234	-	-	5	-
Bank loans and other borrowings	-	-	-	(814,000)	-	-	-	-	(830,000)	-
The function currency is HKD:										
Cash and cash equivalents	172,567	-	-	471	-	-	-	-	-	-
Bank loans and other borrowings	(1,932,677)	-	-	(1,500,027)	-	-	-	-	-	-
The function currency is Uzbekistani Som:										
Cash and cash equivalents	44,308	-	-	-	-	534,217	-	-	-	-
Bank loans and other borrowings	(1,420,778)	-	-	-	-	-	-	-	-	-

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in RMB'000)									
	2022					2021				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
Gross exposure arising from recognised assets and liabilities	(2,162,695)	1	48	(4,999,363)	(64,610)	(402,194)	1	4,278	(1,951,168)	(71,534)
Net exposure arising from recognised assets and liabilities	(2,162,695)	1	48	(4,999,363)	(64,610)	(402,194)	1	4,278	(1,951,168)	(71,534)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits
		RMB'000		RMB'000
USD	1%	(16,220)	1%	(3,016)
THB	1%	-	1%	-
HKD	1%	-	1%	32
RMB	1%	(37,495)	1%	(14,634)
EUR	1%	(485)	1%	(537)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2020.

(e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments held for trading and non-trading purpose (see notes 22 and 25). Other than unquoted securities held for strategic purposes, all of these investments are listed. The Group's listed investments are listed on SSE and HKEX. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments that are not held for trading purposes have been chosen based on Group's longer-term strategic plans.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk (continued)

At 31 December 2022, it is estimated that an increase/(decrease) of 1% (2021: 1%) in the relevant stock price (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2022			2021		
	Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000		Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000	
Change in quoted share price						
Increase	1%	8,779	19,093	1%	6,125	5,986
Decrease	(1%)	(8,779)	(19,093)	(1%)	(6,125)	(5,986)

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2021.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair values measured using only Level 1 inputs i. e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2: Fair value measured using Level 2 inputs i. e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3: Fair value measured using significant unobservable inputs

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) Financial instruments carried at fair value (continued)

	Fair value measurements as at 31 December 2022 using			
	Fair value at 31 December 2022 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
– Structured deposits	8,056,303	–	8,056,303	–
– Wealth management product issued by bank	2,529,370	–	2,529,370	–
– Listed equity securities	1,170,548	1,170,548	–	–
Financial assets measured at FVOCI:				
– Listed equity securities	2,253,410	2,253,410	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	2,762,318	–	2,762,318	–
	16,843,725	3,423,958	13,347,991	71,776

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) Financial instruments carried at fair value (continued)

	Fair value measurements as at 31 December 2021 using (restated)			
	Fair value at 31 December 2021 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
- Structured deposits	11,185,239	-	11,185,239	-
- Wealth management product issued by bank	15,249,310	-	15,249,310	-
- Listed equity securities	816,671	816,671	-	-
Financial assets measured at FVOCI:				
- Listed equity securities	798,127	798,127	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	4,227,831	-	4,227,831	-
	32,348,954	1,614,798	30,662,380	71,776

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) *Financial instruments carried at fair value (continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

For wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products on the balance sheet date that published by commercial banks.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by calculating based on the discounted cash flow method.

For bank acceptance notes that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of unlisted equity securities is determined based on medium market multiples (e. g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate. Since the operating and financial status of the invested company has not undergone major changes, the fair value of unlisted equity securities is approximate to the cost of obtaining the equity securities.

(ii) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022 and 2021.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements were as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Contracted for	11,301,286	6,453,886
Authorised but not contracted for	7,254,772	4,941,882
	18,556,058	11,395,768

42 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 do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2022, the Group has issued guarantees for banking facilities of its related party, Papua Cement amounting to USD122,438,750, RMB equivalent 852,737,000 in aggregate (2021: issued guarantees for banking facilities of its related party, Papua Cement and Myanmar Conch, amounting to USD124,626,250, RMB equivalent 794,580,000). These facilities were utilised to the extent of RMB852,737,000 (2021: RMB794,580,000) as at 31 December 2022. The directors do not consider it probable that a claim will be made against the Group under any of these guarantees.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

In addition to the associates and joint ventures of the Group as disclosed in notes 18 and 19 of these financial statements, the directors are of the view that the following entities are related parties of the Group.

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch (Anhui) Energy Saving and Environmental Protection New Materials Co., Ltd. and its subsidiaries ("Conch Energy Saving and its subsidiaries") 海螺(安徽)節能環保新材料股份有限公司及其附屬公司(前稱蕪湖海螺型材科技股份有限公司)	Subsidiary of Conch Holdings
Wuhu Conch International Hotel Co., Ltd. ("WH Conch Hotel") 蕪湖海螺國際大酒店有限公司	Subsidiary of Conch Holdings
Conch Design Institute 安徽海螺建材設計研究院有限責任公司	Subsidiary of Conch Holdings
Conch IT Engineering and its subsidiaries 安徽海螺信息技術工程有限責任公司及其附屬公司	Subsidiary of Conch Holdings

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Conch New Materials and its subsidiaries 安徽海螺材料科技股份有限公司及其附屬公司 (前稱安徽海螺新材料科技有限公司)	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings
Anhui Conch Investment Co., Ltd. ("Conch Investment") 安徽海螺投資有限責任公司	Subsidiary of Conch Holdings
Anhui International Trade Group Holding Co., Ltd. ("Anhui International Trade and its subsidiaries") 安徽國貿集團控股有限公司及其附屬公司	Subsidiary of Conch Holdings
China Conch Environment Protection Holdings Co., Ltd. ("Conch Environment and its subsidiaries") (note (i)) 中國海螺環保控股有限公司及其附屬公司	Former subsidiary of China Conch Venture
CK Engineering and its subsidiaries 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
CK Equipment 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture
Yangzhou Haichang Port Industrial Co., Ltd. ("HC Port") 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Construction Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Anhui Conch Venture Green Energy and its subsidiaries 安徽海創綠能環保集團股份有限公司及其附屬公司	Subsidiary of China Conch Venture
Conch Venture Wuhu 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy ("Clean Energy") 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the subsidiary of Conch Holdings

- note: (i) On 30 March 2022, China Conch Venture Conch completed the spin-off through a distribution in specie and separately listed the of shares of Conch Environment Protection on HKEX by way of introduction. Conch Environment Protection and its subsidiaries are no longer subsidiaries of China Conch Venture, and the Group no longer recognized them as the Group's related parties since then. On 28 October 2022, the Company obtained control of Conch Environment Protection (Note 4(a)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Conch Kawasaki Equipment 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Papua Cement 國投印尼巴布亞水泥有限公司	Joint venture of the Company
Sino-Myanmar International 中緬(蕪湖)國際貿易有限公司	Joint venture of the Company
Myanmar Conch 緬甸海螺水泥有限公司	Joint venture of the Company
Yangon Conch 緬甸海螺(仰光)水泥有限公司	Joint venture of the Company
PT Eternal Richway 印尼富恒利有限公司	Joint venture of the Company
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	Joint venture of the Company
Xiangshan Cement 淮北相山水泥有限責任公司	Joint venture of the Company
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Provision of services and sales of goods	8,861	19,200
Receiving services and purchase of goods	31,767	37,849
Interest expense on lease liabilities	104	71

As at 31 December 2022, bank loans and other borrowings amounting to RMB Nil (31 December 2021: RMB3,500,000,000) are guaranteed by Conch Holdings.

(ii) Transactions with other related parties

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(b))
Sales of goods	378,595	399,674
Sales of assets	-	28,149
Provision of services	150,239	177,794
Purchase of property, plant and equipment	949,609	869,261
Purchase of materials	1,905,710	2,884,554
Purchase of right-of-use assets	983	-
Interest expense on lease liabilities	30	40
Receiving services	593,233	443,031
Repayment of loan lent	6,890	8,160
Interest on loans	708	1,302

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties (continued)

(ii) Transactions with other related parties (continued)

As at 31 December 2022, bank loans amounting to RMB64,610,000 (2021: RMB70,107,000) are guaranteed by Conch Investment, the subsidiary of substantial shareholder of the Company.

(iii) Loan guarantees provided to other related parties

	31 December 2022 RMB'000	31 December 2021 RMB'000
Papua Cement	852,737	784,538
Myanmar Conch	-	10,042
	852,737	794,580

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2022 RMB'000	2021 RMB'000
Short-term employee benefits	12,022	19,526
Post-employment benefits	492	405
	12,514	19,931

Total remuneration is included in "staff costs" (see note 7(b)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Conch Holdings, Conch Design Institute, Conch Energy Saving and its subsidiaries, Conch IT Engineering, WH Conch Hotel, Conch Investment and its subsidiaries, Conch New Materials and its subsidiaries, WH Trading and Anhui International Trade and its subsidiaries above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The continuing connected transactions with Conch New Materials and its subsidiaries, Conch IT Engineering and Conch Investment and its subsidiaries are provided in section 7 (10) of the Director's Report in accordance with Chapter 14A of the Listing Rules. The other transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76 (1).

44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
– Investment property			34,966		36,545
– Other property, plant and equipment			2,287,582		1,546,844
Intangible assets			131,399		157,725
Investments in subsidiaries	17		57,333,339		48,354,878
Interest in an associate			1,185,805		506,915
Interest in joint ventures			981,432		1,038,081
Loans and receivables			13,109,617		6,279,193
Financial assets measured at FVPL	25		1,001,300		2,972,650
Financial assets measured at FVOCI			1,448,178		868,657
Deferred tax assets			143,702		–
			77,657,320		61,761,488

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Inventories		414,982		490,021	
Trade and bills receivables		2,407,731		2,239,522	
Prepayments and other receivables		3,036,303		5,879,717	
Financial assets measured at FVPL		10,754,921		24,271,570	
Amounts due from subsidiaries		28,181,968		22,470,648	
Amounts due from related parties		220,106		86,766	
Tax recoverable		47,041		–	
Restricted cash deposits		3,333		109,235	
Bank deposits with original maturity over three months		40,734,168		51,178,000	
Cash and cash equivalents		8,758,706		9,647,832	
		94,559,259		116,373,311	
Current liabilities					
Trade and bills payables		218,965		195,065	
Other payables and accruals		1,178,716		774,184	
Contract liabilities		57,252		69,797	
Bank loans and other borrowings		1,988,195		5,191,161	
Lease liabilities		14		–	
Amounts due to subsidiaries		14,474,877		9,875,988	
Amounts due to related parties		30,971		29,083	
Income tax payable		4,281		30,488	
		17,953,271		16,165,766	

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000	RMB'000
Net current assets			76,605,988		100,207,545
Total assets less current liabilities			154,263,308		161,969,033
Non-current liabilities					
Bank loans and other borrowings			-		-
Deferred income			7,537		8,885
Deferred tax liabilities			-		152,135
			7,537		161,020
NET ASSETS			154,255,771		161,808,013
CAPITAL AND RESERVES	39(a)				
Share capital			5,299,303		5,299,303
Reserves			148,956,468		156,508,710
TOTAL EQUITY			154,255,771		161,808,013

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

45 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the directors proposed a final dividend. Further details are disclosed in note 39(b).

46 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2022, the directors consider the immediate parent and ultimate controlling company of the Group to be Conch Holdings and Anhui Provincial Investment Group Limited respectively, which are both state-owned enterprises established in the PRC. These entities do not produce financial statements available for public use.

47 COMPARATIVE FIGURES

As a result of business combination of entities under common control, the financial statements of the Group period prior to the combination have been restated to include the financial statements items of Jinggong Testing and Shanghai Zhizhi as if Jinggong Testing and Shanghai Zhizhi had been consolidated at the earliest balance sheet date presented or when the combining entities or businesses in Jinggong Testing and Shanghai Zhizhi first came under common control, whichever is later. Further details are disclosed in notes 2(b) and 4(b).

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Effective for accounting periods beginning on or after
IFRS 17, Insurance Contracts	1 January 2023
Amendments to IAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to IAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to IAS 12, <i>Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

12. Written Confirmation of the Directors, Supervisors and Senior Management on the 2022 Annual Report

Pursuant to the relevant requirements and provisions of Securities Law (as revised in 2019) and No. 2: “Content and Format of Annual Reports” of “Standards of Contents and Format for Information Disclosure of Companies which are Securities Issuers” (as revised in 2021), as the Directors, Supervisors and members of the senior management of Anhui Conch Cement Company Limited, upon full understanding and review of the annual report of 2022 and summary of the annual report, we are of the view that:

1. the Company has strictly complied with the financial regulations for a joint stock company in its operation, the annual report for year 2022 and its summary have fairly reflected the financial position and operating results of the Company for the year;
2. the audit report of Anhui Conch Cement Company Limited for year 2022 as audited by KPMG Huazhen LLP (Special General Partnership) and KPMG are objective, true and fair.

We warrant that the information disclosed in the annual report for year 2022 and its summary is true, accurate and complete, and we undertake that they do not contain misrepresentation, misleading statement or material omissions, and we are severally and jointly responsible for the truthfulness, accuracy and completeness of its contents.

Name	Position	Name	Position
Yang Jun	Chairman and Executive Director	Wang Jianchao	Deputy Chairman and executive Director
Qu Wenzhou	Independent non-executive Director	Ho Shuk Yee, Samantha	Independent non-executive Director
Zhang Yunyan	Independent non-executive Director	Li Qunfeng	Executive Director and general manager
Zhou Xiaochuan	Executive Director and secretary to the Board	Wu Tiejun	Executive Director and deputy general manager
Wu Xiaoming	Chairman of the Supervisory Committee	Chen Yongbo	Supervisor
Liu Tiantian	Staff Representative Supervisor	Yu Shui	Deputy general manager
Pan Zhonghong	Assistant to general manager		

27 March 2023

