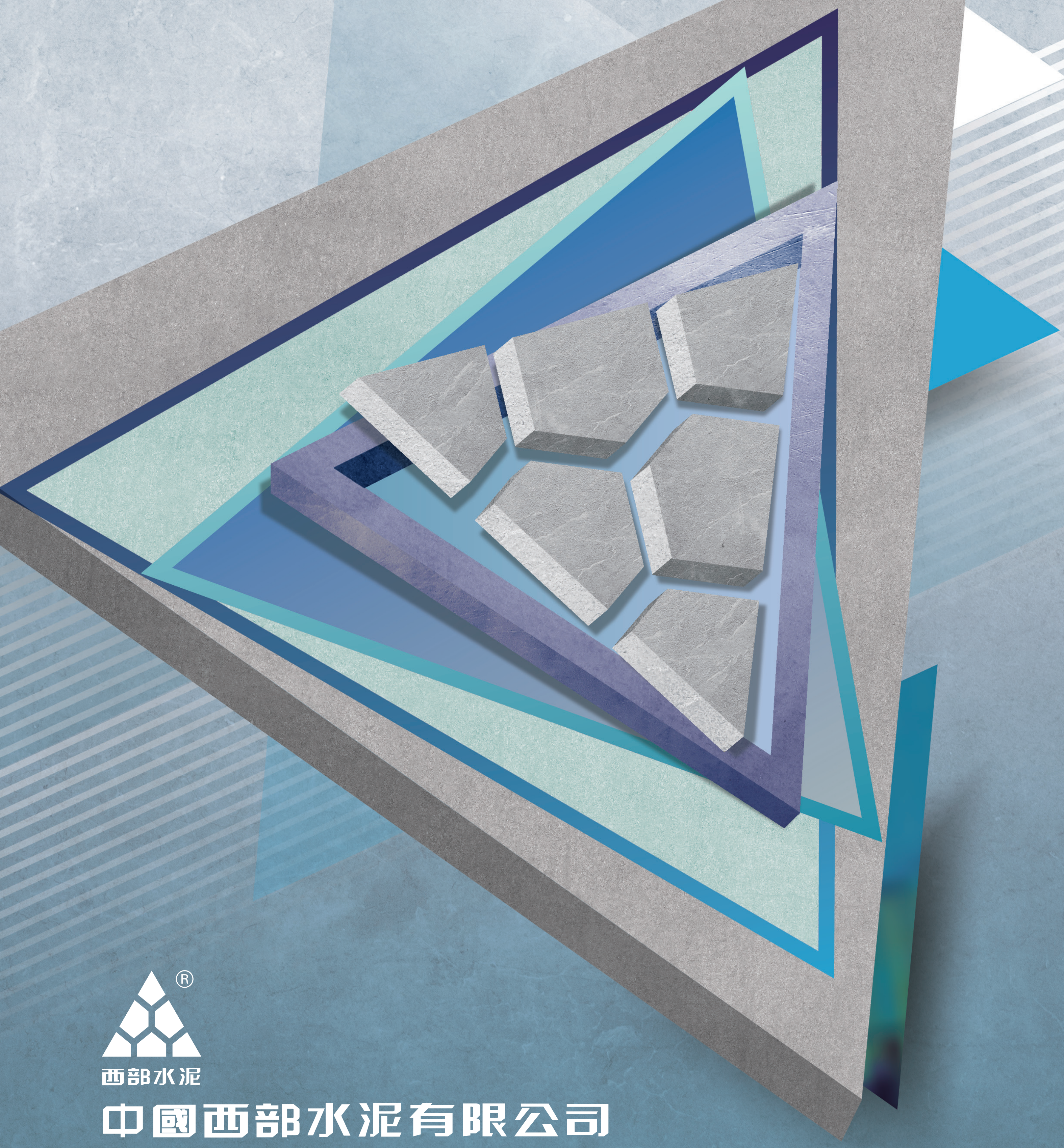

西部水泥

中國西部水泥有限公司
WEST CHINA CEMENT LIMITED

(Incorporated in Jersey with limited liabilty with registered number 94796)

Stock Code: 2233

INTERIM REPORT 2023

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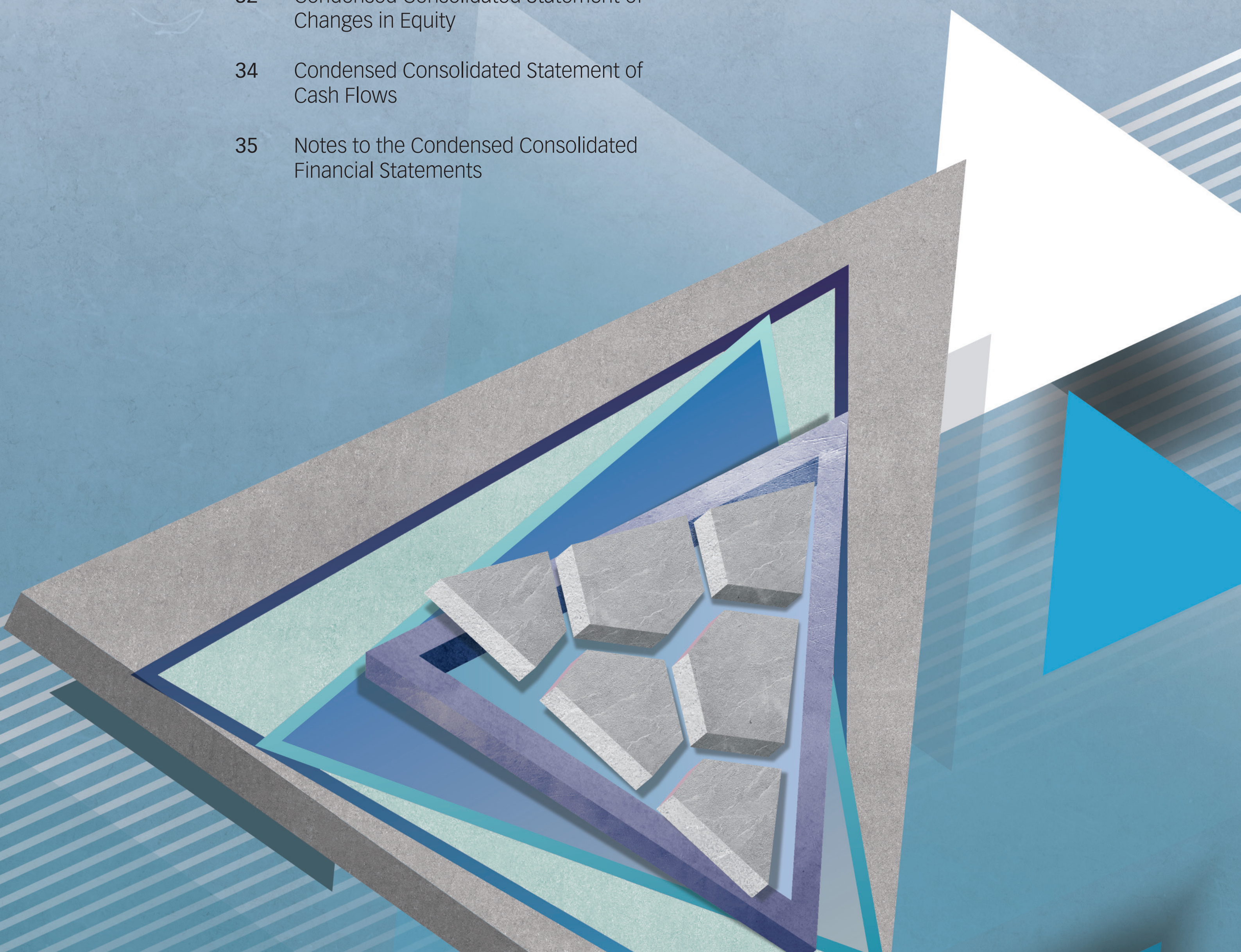


CORPORATE INFORMATION

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Yaobai R&D Training Center
No. 336 4th Shenzhou Road
Aerospace Industrial Base
Chang'an District
Xi'an, Shaanxi Province, PRC

REGISTERED OFFICE

13 Castle Street
St Helier
Jersey JE1 1ES
Channel Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3705, 37/F, Tower 6, The Gateway
Harbour City, 9 Canton Road
Tsim Sha Tsui
Hong Kong

COMPANY WEBSITE

www.westchinacement.com

BOARD OF DIRECTORS

Executive Directors

Zhang Jimin *(Chairman)*
Ma Weiping *(Chief Executive Officer)*
(resigned with effect from 2 February 2023)
Cao Jianshun *(Chief Executive Officer)*
(appointed with effect from 2 February 2023)
Chu Yufeng *(Chief Financial Officer)*
(appointed with effect from 2 February 2023)
Wang Fayin
(appointed with effect from 2 February 2023)

Non-Executive Directors

Ma Zhaoyang
Fan Zhan (appointed with effect from 7 June 2023)
Wang Jingqian (resigned with effect from 7 June 2023)
Fan Changhong

Independent Non-Executive Directors

Lee Kong Wai Conway
Zhu Dong
Tam King Ching Kenny
Feng Tao (appointed with effect from 28 February 2023)

COMPANY SECRETARY

Chan King Sau *HKICPA*

AUTHORIZED REPRESENTATIVES

Dr. Ma Weiping (resigned as the authorized representative with effect from 28 February 2023)
Cao Jianshun (appointed as the authorized representative with effective from 28 February 2023)
Chan King Sau *HKICPA*

MEMBERS OF THE AUDIT COMMITTEE

Lee Kong Wai Conway *(Chairman)*
Tam King Ching Kenny
Zhu Dong
Feng Tao (appointed with effect from 28 February 2023)

MEMBERS OF THE REMUNERATION COMMITTEE

Tam King Ching Kenny *(Chairman)*
Zhang Jimin
Lee Kong Wai Conway
Zhu Dong

MEMBERS OF THE NOMINATION COMMITTEE

Zhang Jimin *(Chairman)*
Lee Kong Wai Conway
Tam King Ching Kenny

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

JERSEY PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services
(Channel Islands) Limited
Ordinance House
31 Pier Road
St Helier
Jersey JE4 8PW

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China

FINANCIAL HIGHLIGHTS

RMB' Million (unless otherwise specified)	**Six months ended 30 June 2023 (Unaudited)**	Six months ended 30 June 2022 (Unaudited)	% Change
Total Cement and Clinker Sales Volume (million tons)	**9.54**	9.15	4.3%
Cement Sales Volume (million tons)	**9.14**	8.70	5.1%
Aggregates Sales Volume (million tons)	**2.06**	2.30	(10.4%)
Commercial Concrete Sales Volume (million cubic meters)	**0.92**	0.64	43.8%
Revenue	**4,398.3**	4,152.3	5.9%
Gross Profit	**1,234.2**	1,352.9	(8.8%)
EBITDA[(1)]	**1,517.2**	1,690.1	(10.2%)
Profit Attributable to Owners of the Company	**532.2**	658.2	(19.1%)
Basic Earnings Per Share	**9.8 cents**	12.1 cents	(19.0%)
Gross Profit Margin	**28.1%**	32.6%	(4.5 p.pt)
EBITDA Margin	**34.5%**	40.7%	(6.2 p.pt)

	30 June 2023 (Unaudited)	31 December 2022 (Audited)	% Change
Total Assets	**31,266.0**	30,239.3	3.4%
Net Debt[(2)]	**8,174.6**	7,487.1	9.2%
Net Gearing[(3)]	**60.1%**	55.9%	4.2 p.pt
Net Assets Per Share	**250 cents**	246 cents	1.6%

Notes:

(1) EBITDA equals to profit before tax plus finance costs, depreciation and amortisation, impairment losses and net fair value losses less interest income, net foreign exchange gains and gain on deemed disposal of a joint venture.

(2) Net debt equals to borrowings, medium-term notes and senior notes less bank balances and cash and restricted/pledged bank deposits.

(3) Net gearing is measured as net debt to equity.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

West China Cement Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") faced a tough operating environment in the first half of 2023. Sales volumes in Shaanxi, Xinjiang and Guizhou Provinces have decreased by 4.4%, 9.3% and increased by 35.9%, respectively, as compared with the corresponding period of 2022. On the other hand, sales volumes in Mozambique have increased by 1.3% as compared with the corresponding period of 2022 and the plants in Democratic Republic of the Congo ("D.R. Congo") and Ethiopia have contributed approximately 700,000 tons of cement sales during the period. The Group's sales volumes of cement and clinker for the six months ended 30 June 2023 were 9.54 million tons, representing a 4.3% increase from 9.15 million tons recorded in the first half of 2022.

As a result of the declining demand of cement in PRC during the period, average selling prices ("ASPs") in Shaanxi, Guizhou and Xinjiang were decreasing. The Group has continued to implement efficiency enhancements and cost-cutting measures and has been able to maintain the costs at a comparatively stable level in the first half of 2023. In addition to the greater margins from Mozambique, D.R. Congo and Ethiopia, the Group's overall margins remained stable in the first half of 2023. The Group has maintained healthy and stable cash flows, with EBITDA of RMB1,517.2 million for the first half of 2023, which is lower than the RMB1,690.1 million recorded in the first half of 2022.

As at 30 June 2023, the Group had a total production capacity of 33.3 million tons, comprising 20 new suspension preheater ("NSP") cement production lines, with 21.7 million tons in Shaanxi Province, 3.5 million tons in Xinjiang Province, 1.8 million tons in Guizhou Province, 1.5 million tons in Sichuan Province, 2.0 million tons in Mozambique, 1.5 million tons in D.R. Congo and 1.3 million tons in Ethiopia. Moreover, the Group had total production capacities of 15.0 million tons of aggregates and 12.4 million cubic meters of commercial concrete.

Operating Environment

In the first half of 2023, as a result of the weak global economy recovery, high inflation as well as a complex and severe external international environment, the PRC economy recovery has been relatively slow as compared with that of 2022. The performance of the infrastructure investment was slowing down, while the property investment was deteriorating, leading to a decline in the demand of cement in PRC. On the other hand, in order to control the air pollution and preserve the blue sky, the environmental management of atmospheric pollution and the local environmental control remained stringent. As a result, the effect of various policies such as peak-shifting production halts and mine comprehensive regulations are more favorable to balance the supply and demand of the cement industry.

Both Fixed Asset Investment ("FAI") and Real Estate Development Investment ("RDI") growth rates deteriorated in PRC in the first half of 2023. The FAI and the RDI increased by 1.4% (2022: 9.4%) and decreased by 5.9% (2022: increased by 4.6%) in Shaanxi Province during the first half of 2023, respectively. The deteriorated FAI and RDI growth rates have overall led to a decline in the demand for cement products in Shaanxi Province. Fortunately, intense competition from the supply side is still a strong factor affecting the ASPs in Shaanxi Province, which continued to be balanced through the occasional peak-shifting production halts during low season periods under the stringent environmental policy.

As a result of the greater margins contributed from the plants in Africa, the Group was able to maintain overall stable margins in the first half of 2023 even though under the abovementioned impact of low ASPs in PRC. Another important factor contributing to the Group's stable margins was the maintenance of the costs at a stable level, which resulted from the Group's successful implementation of efficiency enhancements and cost-cutting measures during the period.

Shaanxi

The Group's operations and markets in Southern Shaanxi have remained reasonable and stable during the first half of 2023. The supply side has remained rational and stable, as a result of little new capacity and effective closure of obsolete and small-scale clinker kiln and cement grinding capacity over past years, as well as long transportation distances from other regions. The Group has effectively maintained strong market leadership in this area, promoting a disciplined supply side.

During the period, demand in this region has remained reasonable, supported by continued growth in railway and expressway infrastructure project construction. The Ankang to Langao Expressway, the Wuxi to Zhenping Expressway, the Micang Avenue, the Xi'an to Ankang High-Speed Railway and the Ankang to Chongqing High-Speed Railway, have been, amongst others, particularly important demand drivers; and the constructions of the Hanzhong to Bazhong to Nanchong High-Speed Railway, the Lushi to Luanchuan Expressway, Kangxian to Lueyang Expressway, the Cangxi to Bazhong Expressway, the Chengkou to Kaizhou Expressway, the Luonan to Lushi Expressway, the Danfeng to Ningshan Expressway, the Yuehe Hydropower Station, the Xunyang Hydropower Station and the Tuxikou Reservoir have also supported the demand. Rural and urban development in Southern Shaanxi have continued to be supported by the Hanjiang to Weihe River Water Transport Project which has been important for both cement demand and development in this region.

The demand in Central Shaanxi market has remained low, especially in the Xi'an Metropolitan market. This low demand scenario has exacerbated the imbalance between supply and demand already existing in the area. Fortunately, through the continuation of occasional peak-shifting production halts during low season periods under the stringent environmental policy and the continuous recovery and expedited infrastructure construction demand as a result of the government's economic stimulating policies, the abovementioned imbalance was mitigated.

During the period, the Group has continued to maintain its market share in Eastern Xi'an, Yaowangshan, Fuping County and the rest of Weinan District where urbanisation remains a key demand driver. The Group has also supplied cement to a number of infrastructure projects, including the constructions of the Huaneng Power — Coal Transportation Railway, the Hancheng to Huanglong Expressway, the Beijing to Kuming Expressway, the Xi'an Metro/Municipal Projects, the Eastern Xi'an Railway Station, the Dongzhuang Reservoir, the Hanjiang to Weihe River Water Transport Project (Phase II) and the Xianyang Airport. The largest projects, the Xi'an to Yan'an High-Speed Railway and the Xi'an to Shiyan High-Speed Railway, have consumed over 260,000 tons and 290,000 tons of cement in the first half 2023, respectively.

Sales volumes in Shaanxi have decreased slightly by 4.4% to approximately 6.53 million tons during the period (2022: 6.83 million tons), while ASPs in Shaanxi have decreased by approximately 16.1%. Over the period as a whole, the Group has recorded cement ASPs in Shaanxi of RMB303 per ton (2022: RMB361 per ton) (excluding VAT), with capacity utilization rate at approximately 60% (2022: 63%).

Xinjiang & Guizhou Provinces

Operation at the Group's plant in Xinjiang Province has been declining in the first half of 2023. Sales volume in Xinjiang have decreased by 9.3% to approximately 0.88 million tons (2022: 0.97 million tons). During the first half of 2023, both sales volume and ASPs in Xinjiang have decreased as a result of the decrease in the infrastructure projects and the downtrend of the real estate market. The Group has recorded a decreased cement ASPs at approximately RMB415 per ton (2022: RMB442 per ton) (excluding VAT), with capacity utilization rate at approximately 50% (2022: 55%).

In Guizhou Province, the Group's plant contributed approximately 0.53 million tons of cement to the total sales volume as compared to that of 0.39 million tons in the first half of 2022, which represented an increase of approximately 35.9%. During the first half of 2023, the Group has recorded cement ASPs in Guizhou of approximately RMB385 per ton (2022: RMB429 per ton) (excluding VAT), with capacity utilization rate at approximately 59% (2022: 43%). The imbalance between demand and supply in Guizhou was even exacerbated by the continuously decreasing demand scenario. The sales volumes at the Huaxi Plant have already been better than other locations in Guizhou due to its location being in close proximity to Guiyang City and the Guiyang — Anshun ("Gui-An") New Area.

Mozambique

The Group built a cement plant in Mozambique, a "window" country in South Africa, in close compliance with the "Belt and Road" development policy of the PRC and to seize the opportunity brought by the "Go Global" policy to maximize the cement production capacity. The Mozambique plant was commissioned in December 2020. Sales volume of cement and clinker in Mozambique have increased by 1.3% to approximately 0.74 million tons for the six months ended 30 June 2023 (2022: 0.73 million tons). During the first half of 2023, both sales volume and ASPs in Mozambique have increased as a result of the new capacity entering the market successfully. The Group has recorded an increased cement ASPs at approximately RMB638 per ton (2022: RMB509 per ton) (excluding VAT), with capacity utilization rate at approximately 84.0% (2022: 83.0%).

Democratic Republic of the Congo

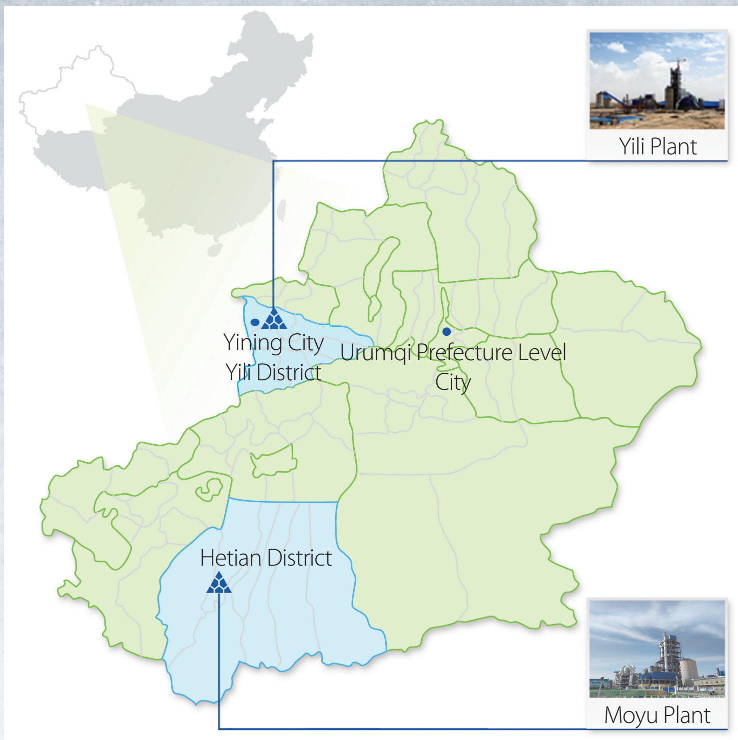
The Great Lakes plant is a production line with a capacity of 3500-ton clinker and cement per day and approximately 1.50 million tons of cement per year, equipped with limestone mines, coal mines, power stations and wharfs. The Great Lakes plant is located in the city of Kalemie in the eastern region of the Democratic Republic of the Congo ("D. R. Congo"). Our cement sales cover Kalemie and neighboring countries and regions such as Rwanda, Burundi and western Tanzania. These market areas are relatively undeveloped and there is no large-scaled cement production line. With Lake Tanganyika as the center, the area where the plant is situated has a large population density and high population growth, which can ensure a certain market demand for cement. In addition to the potential of the civilian market, there are a large amount of unexploited mineral resources in the underneath and surrounding areas of Lake Tanganyika, which, once developed in the future, will directly drive related infrastructure and economic development, generating significant demand for cement. All markets covered can be reached mainly by water transportation from the lake, supported by truck transportation on land. The Great Lakes plant was commissioned in December 2022. During the period, the sales of cement was significantly impacted by the continuous heavy raining, which triggered widespread severe floods and landslides, around the regions with Lake Tanganyika as the center. As a result, the Group has recorded cement ASPs at approximately RMB1,509 per ton (2022: Nil) (excluding VAT) and sales volume of 39,000 tons (2022: Nil), with capacity utilization rate at approximately 5% (2022: Nil).

Ethiopia

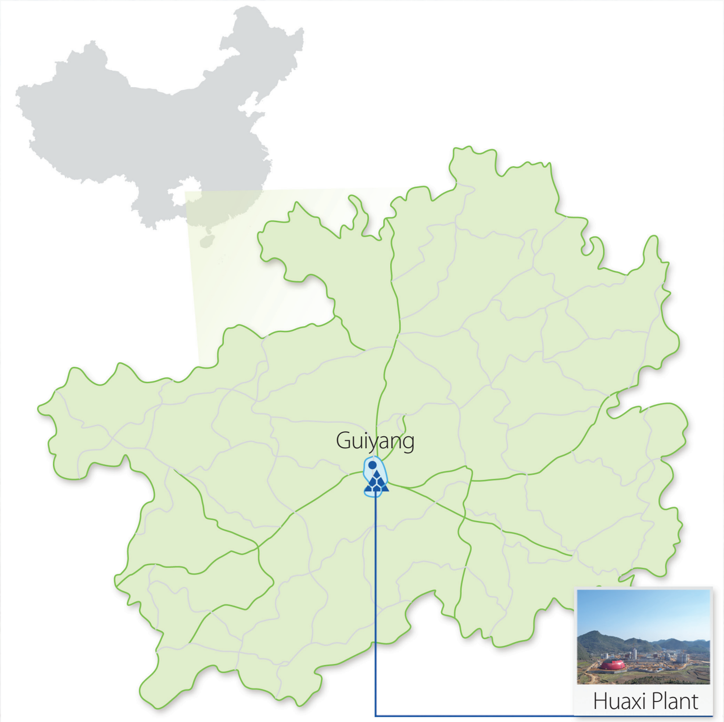
Given the strategic layout in the African market, the Group is optimistic about the long-term development of the Ethiopian market. In 2022, the Group acquired National Cement plant with a capacity of 1.3 million tons of cement per year, the plant was then upgraded and commissioned in November 2022. During the period, the Group has recorded cement ASPs at approximately RMB875 per ton (2022: Nil) (excluding VAT) and sales volume of 0.66 million tons (2022: Nil), with capacity utilization rate at approximately 101% (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Xinjiang Province

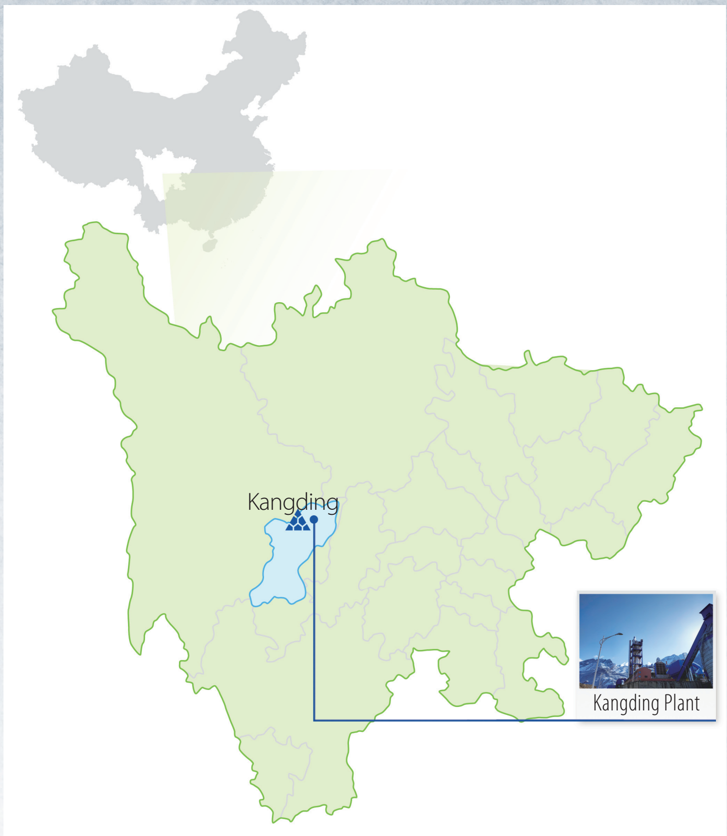


Guizhou Province



MANAGEMENT DISCUSSION AND ANALYSIS

Sichuan Province



Africa

Energy Conservation, Emissions & Environmental Protection Solutions

The Group continues to work towards the highest industry standards with regards to energy conservation, emission controls and further development of environmental protection solutions. All of the Group's production facilities employ NSP technology. The plants are situated in close proximity to their respective limestone quarries and, at many of the plants, limestone conveyor belt systems are used in order to minimize emissions from transportation. The Group is also the first cement producer in Shaanxi Province to use desulfurized gypsum and construction waste as raw material inputs to some of its cement products, and regularly recycle fly ash from power plants as well as slag from iron & steel plants as inputs to some of its cement products.

The Group has residual heat recovery systems installed at most of its production facilities. As at 30 June 2023, these systems are operated at 14 out of 20 production lines. These systems reduce the Group's production lines' electricity consumption by approximately 30% and reduce carbon dioxide ("CO2") emissions by approximately 22,000 tons per million tons of cement production.

The Group has already completed the installation of de-nitration ("De-NOx") equipment at all of the Group's plants in Shaanxi, Xinjiang and Guizhou Provinces. This equipment reduces nitrous oxide ("NOx") emissions by approximately 60% per ton of clinker produced, so that NOx emissions at the Group's plants comply with the Cement Industrial Air Pollution Emissions Standards. Modifications of production lines to meet particulate matter ("PM") emission standards have been completed, resulting in all of the Group's plants having been upgraded to meet new PM emission standards as well. Moreover, the Group has effectively reduced the emission of dust through the technical renovation of the kiln-head and kiln-end dust collectors and also further reduced the emission of nitrogen oxide and the consumption of ammonia water through the implementation of de-nitration spray guns and automated technological innovation.

The Group's plants that are capable of treating dangerous and hazardous waste currently include (i) the Municipal Waste Treatment Facility at the Group's Fuping Plant ("Fuping Waste Treatment Facility"), which has been operating since March 2016; and (ii) the Solid Waste Treatment Facility at the Group's Mianxian Plant ("Mianxian Waste Treatment Facility") which has been in full operations since October 2017. In 2023, the Group will continue to actively look for new opportunities in setting up cement kilns co-processing solid waste disposal projects in response to the development need of China's recycling economy and relevant specific policies for the industry, as well as taking into account specific conditions in the solid waste market of Shaanxi.

During the six months ended 30 June 2023, the Group performed certain environmental protection related tasks. Firstly, the Group formulated the Benchmarking Checklist of Environmental Protection Regulations and Standards, carried out in-depth environmental protection inspections and provided environmental protection training to the leaders and cadres of the inspected units in accordance with the inspection conditions. Secondly, the Group's Safety and Environment Department insisted on conducting quarterly inspections of the Group's self-monitoring reports, pollution discharge permit implementation reports and environmental management accounts. Thirdly, each production unit took stock of the amount of hazardous waste disposed of and stored in the previous year, estimated the types and amount of hazardous waste likely to be generated in 2023, and completed the preparation and filing of the annual management plan for hazardous waste. Fourthly, the Group's Safety and Environment Department prepared a reference template for hazardous waste labelling in accordance with the new standards issued by the Ministry of Ecology and Environment, and organised self-checks and study sessions for each unit. Fifthly, we verified the oxygen content recorded by online monitoring from our cement production units in Shaanxi Province, to ensure that the online equipment is airtight and the monitoring data is true and valid. Sixthly, the Group's Safety and Environment Department took the lead in organising a group-wide inspection of sewage outfalls, blocking and rectifying sewage outfalls, and regulating the installation of rainwater outfalls.

Moreover, all plants in the PRC were already refurbished as garden like plants in the preliminary stage and the Group will further develop the garden like plants to meet the environmental policy requirements. Green limestone mines projects, including soil reclamation and mine re-greening, have been already commenced construction to comply with the environmental policy. For each major unit in our mines, an annual monitoring plan has been formulated specifically, and monitoring work on areas such as landscape, slope deformation, soil and water pollution, soil quality, reclamation and vegetation has started in accordance with the plan, so that the orderly progress of mine recovery and land reclamation has been ensured. The Group will continue to implement the green mine projects to reduce the pollution to the soil and mines during mining in order to comply with the government policy of "managing while mining" in the future.

Safety and Social Responsibility

The Group's safety and environmental protection department continuously monitors and reviews safety procedures in accordance with evolving environmental and safety regulations in the PRC. In the first half of 2023, the Group has focused its EHS (Environmental, Health & Safety) efforts on revising and improving the safety emergency response plan by employing independent safety experts to strengthen the handling capacity of all employees in emergency accidents. Moreover, several handbooks and guidelines were revised to improve the work safety measures as well as numerous of safety related training courses were initiated to strengthen the staff's safety awareness. In addition, the Group will continue to implement a "Sustainable Safety Development Project", which involved continuous training for both management and on-site employees, on-site inspections and audits, stringent safety reports and on-going suggestions for safety improvements at all of the Group's plants.

During the six months ended 30 June 2023, charitable donations made by the Group amounted to RMB5.6 million, including donations made in sponsoring deprived students for college education, and supporting education, sports and cultural events.

Material Acquisitions and Disposal

The Group had no material acquisitions or disposals during the six months ended 30 June 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total of 8,780 (2022: 7,299) full time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2023, employees benefit expenses were RMB392.7 million (2022: RMB381.8 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, bonuses and other allowances.

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2023, the Group's sales, purchases, loans receivables, restricted/pledged deposit, bank balances and cash, medium-term notes and borrowings were mainly denominated in Renminbi. Moreover, the Group's other long term payables and senior notes were denominated in United States Dollars and several intercompany balances between the subsidiaries were denominated in different functional currencies, i.e. Meticais, Ethiopian Birr. Renminbi, Meticais and Ethiopian Birr are not a freely convertible currency. Future exchange rates of the Renminbi, Meticais and Ethiopian Birr could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government, Mozambique government and Ethiopia government. The exchange rates may also be affected by economic developments and political changes on a domestic and/or international level, and the demand and supply of Renminbi, Meticais and Ethiopian Birr. The appreciation or depreciation of Renminbi, Meticais and Ethiopian Birr against foreign currencies may have an impact on the operating results of the Group. The Group currently does not maintain a foreign currency hedging policy. However, the management team of the Company will continue to monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

CREDIT RISK MANAGEMENT

The Group's credit risk is primarily attributable to its trade receivables and loan receivables. It is the risk of loss arising from a customer's, a lessee's or counterparty's inability to meet its obligations.

The Group has made various efforts to control credit risks. In accordance with the policy of the Group, it will only enter into transactions with recognised and creditworthy customers, lessees and counterparties. In respect of its financial leasing business, it would examine and verify the credit risk of all lessees and counterparties that the Group has financial leasing, factoring and entrusted loan arrangements with. In respect of its main cement business, it would carry out credit assessment before entering into contracts with its customers and build credit records of its customers, in order to mitigate credit risk and reduce the overdue receivables.

In addition, the Group will also carry out regular reviews on the trade receivables and loan receivables balances and will provide for credit loss, if any. The maximum exposure to credit risk arising from its financial leasing business equals to the carrying amount of the loan receivables.

PROSPECTS

2023 is a critical year for the implementation of the 14th Five-Year Plan. The central government will adhere to the general guiding principle of seeking progress amidst stability, fully and faithfully implement the new development philosophy, accelerate the establishment of the new development paradigm, focus on promoting high-quality development, maintain the continuity and pertinence of policies, strengthen the coordination of various policies to form a synergy for promoting high-quality development, enhance the effectiveness of proactive fiscal policies, and implement prudent and robust monetary policies, so as to promote the overall improvement of the economy, realising an effective enhancement in quality and a reasonable growth in quantity.

In 2023, the government will actively expand effective investment in infrastructure, focus on promoting the high-quality development of the manufacturing industry and building a manufacturing powerhouse, and guide various types of high-quality resources and elements to gather in the manufacturing industry. The government will accelerate the construction of key projects mapped out during the period of the 14th Five-Year Plan, improve the national comprehensive transportation network with railways as the mainstay and highways as the basis, and give full play to the comparative advantages of water transport and civil aviation, speed up the construction of water conservancy infrastructure, and increase efforts to address inadequacies and reinforce weak links in key areas. Infrastructure investment has certain support for cement demand. In terms of real estate, the state will adhere to the positioning of "housing without speculation", strengthen the guidance of expectations in the real estate market, accelerate the establishment of a housing system with multi-agent supply, multi-channel protection, and simultaneous renting and housing, steadily implement the long-term mechanism for the stable and healthy development of the real estate market, ensure the delivery of buildings, people's livelihood and stability, stabilise land prices, housing prices and expectations, meet the reasonable financing needs of the industry, and promote the smooth transition of the real estate industry to a new development model. The real estate market is expected to gradually stabilise and improve under the support of favourable policies, and the decline in cement demand at the property end is expected to narrow. In terms of the rural market, the state will fully implement the strategy of rural revitalisation and promote rural construction. At present, China's urbanisation is still at a relatively rapid development stage, which is expected to provide support for market demand. At the same time, the country will further promote the prevention and control of environmental pollution, and push forward the work of carbon peaking and carbon neutrality in an orderly manner, and continue the normalisation of peak-staggered production in the cement industry, which has a positive effect on supply contraction and elimination of excess capacity. Therefore, it is expected that the supply and demand relationship in the industry may maintain a tight balance. In terms of investment and development, the Group will comprehensively coordinate the development of its main business and the extension of its upstream and downstream industrial chains, steadily push forward its internationalisation development strategy, establish a sound medium- and long-term overseas development plan, improve the mechanism for the operation and management of its overseas projects, and proactively construct a diversified cooperation model.

In terms of operation and management, the Group will pay close attention to the domestic and overseas macroeconomic situation and strengthen risk control and operation management. The Group will strengthen its research and judgement of market supply and demand, explore innovative sales models, optimise the structure of its trading business and consolidate its market position. We will strengthen the research and judgement of the coal market trend, coordinate the domestic and international markets, give full play to our advantages in large-scale procurement, and establish a stable and efficient material supply system to enhance our comprehensive capability in ensuring sufficient supply. With green, low-carbon and sustainable development as the goal, the Group will continue to increase investment in research and development on pollution and carbon reduction, energy saving and consumption reduction, promote technological upgrading of the comprehensive energy efficiency of production lines, follow up on the development of carbon emission reduction technologies in the industry, and actively explore an economically-efficient and technologically-stable pathway to control carbon emissions. We will comprehensively sum up the experience of smart factory construction, and promote the popularisation and application of digital intelligence achievements. We will coordinate organisational optimisation and mechanism innovation to create a streamlined and efficient corporate governance system, further promote the strategy of strengthening the enterprise with talents, continuously optimise and improve the incentive mechanism, and innovate the talent cultivation model, so as to empower the Company to promote high-quality development.

Operations — Shaanxi

Under the current macro economic conditions in the PRC and Shaanxi Province, the Group expects to see a moderate increase in demand in the second half of 2023. Infrastructure demand is expected to grow reasonably and there are a number of major new projects that have commenced or will commence in 2023, a moderate growth is expected accordingly. Both urban property demand and rural demand is expected to remain stable with continued urbanisation trends supporting rural growth rates.

With regards to the supply side, the Group expects stable prices in the second half of 2023, both as a result of the limited supply under the increasingly stringent environmental policies imposed by the government.

In Central Shaanxi, the continuation of occasional peak-shifting production halts during low season periods under the stringent environmental policy are expected to remain as an important feature and this can support ASPs. There are a number of infrastructure projects that have recently started or are expected to start construction in 2023, including the constructions of several Central Shaanxi Intercity Railways, several expressways, the Guxian Reservoir and the Fuping pumped storage hydro power plant.

In Southern Shaanxi, the Group expects to maintain its relatively stable performance due to reasonable infrastructure construction activities and an already disciplined supply side. There are a number of infrastructure projects in Southern Shaanxi which have recently started or are expected to start construction in 2023, including the constructions of the High-Speed Railway from Lanzhou to Hanzhong to Shiyan, several expressways, the Hengkou Reservoir, the Xingping Reservoir and two pumped storage hydro power plants in Shangluo and Shanyang. The Group expects to see substantial demand from a number of infrastructure projects in 2023 and 2024.

Operations — Xinjiang & Guizhou

Operations in Xinjiang and Guizhou are likely to remain subdued in 2023. With the elimination of the use of low grade (32.5) cement since May 2017 in Xinjiang, which led to the closure of inefficient facilities with small production capacity as well as the occasional peak-shifting production halts during low season periods under the stringent environmental policy, the Group can see a more stable market of the cement industry since then. In Southern Xinjiang, where the Group's Moyu Plant is located with 2.0 million tons of capacity, there are a number of on-going infrastructure projects, which are expected to contribute to support the demand in 2023 and beyond. These include the constructions of the second phase of water conservancy project and the expansion of the Yutian airport. Moreover, in Northern Xinjiang, the production volume and ASPs of the 1.5 million-ton Yili Plant remained low. The Group expects to see higher volume sold from the Yili Plant and a stable pricing in 2023 with the support of certain coming infrastructure projects, i.e. the Lanzhou to Xinjiang Railway (Jinghe to A La Shankou Section), the Jinghe to Yining. In Guizhou, sales volume is improving due to the imbalance between demand and supply which is even exacerbated by the continuously decreasing demand scenario and the Group expects that the scenario may continue for a certain period. Fortunately, the 1.8 million-ton Huaxi Plant was located close to Guiyang City Centre and the Group expects it can keep benefiting from its location advantage, with a continuation of better volume than other locations in Guizhou in 2023 and beyond.

Operations — Mozambique, D.R Congo & Ethiopia

Since the official launch of sales in Mozambique in 2021, through one and a half years of market operation, channel construction and brand building work, the overall development has continued to be positive. Remote markets and overseas export business are also on track. The overall cement production capacity distribution and basic layout in Mozambique in 2023 are not expected to change significantly, while the civil segment in the southern market has stabilized. 2023 focus will be on the sales of cement and clinker in the central part of the country and overseas (South Africa, Zimbabwe and Madagascar). The Group expects that the sales volume will increase with stable ASPs.

In D.R. Congo, the Great Lakes plant can export clinker, cement and other products to surrounding countries such as Burundi, Rwanda, and western Tanzania. In the Lake Tanganyika regions, there are currently only one old cement plant and four grinding stations. All regions are actually facing a shortage of clinker and the Group expects that the market demand is strong. The import of clinker in these regions mainly comes from Tanzania, Zambia and other countries and the clinker quantity is unstable. The Great Lake plant is able to occupy the market quickly through its stable quality and lower price strategy. The Group expects that the sales volume will improve significantly with stable ASPs after the heavy raining season in 2023.

The current market demand of cement in Ethiopia is strong. The Group can foresee several key projects such as new capital city construction and airport construction, as well as infrastructure such as state-level highway and railway construction in the regions of Addis Ababa, Amhara and Oromia, which in turn will gradually increase the cement demand. The Group expects that both sales volumes and ASPs will increase gradually with these long-term demand increment.

Capacity Development

Ethiopia

Given the strategic layout in the African market, the Group is optimistic about the long-term development of the Ethiopian market. With the strong support of the local governments at all levels, the Group has built a new production line with a daily production capacity of 10,000 tons of clinker in Lemi, Amhara State, Ethiopia, following the acquisition of the National Cement plant. The production line is built by the new dry-process pre-decomposition production technology with an annual production capacity of 5 million tons of cement. The market for the Lemi project extends to the regions of Addis Ababa, Amhara and Oromia. The major markets in such regions focus on key projects such as new capital city construction and airport construction, as well as infrastructure such as state-level highway and railway construction. Currently, the average selling price of cement in the region is approximately US$120 per ton. The Lemi plant is expected to commence production in the first quarter of 2024.

The Lemi project has gained strong support from the government in terms of preferential income tax, priority provision of land and mine resources. Upon the completion of the project, the Group's advantages in technology, management and cost, coupled with the great demand for cement in Ethiopia in the future, will lay a foundation for the Group's subsequent expansion in the Ethiopian market.

Uzbekistan

With a relatively stable political situation and a fast-growing economy, Uzbekistan has the largest population in Central Asia, ranking second in terms of total GDP. The government has improved its economic reform and considered economic development as the main objective. A series of policies to improve key areas such as road traffic, communications and social infrastructure have resulted in long-term favorable national demand for cement. Uzbekistan has both oil and gas resources, with 100 million tons of proved reserves of petroleum, 190 million tons of proved reserves of condensate and 3.4 trillion cubic meters of proved reserves of natural gas. The development of oil and gas resources has fostered a great market potential for the special cements required for oil and gas cementing.

Based on the aforementioned belief of the long-term growth of the Uzbekistan market, the Group has built a new production line with a daily production capacity of 6,000 tons of clinker in Andijon viloyati, which will produce 2.4 million tons of cement per annum, using the internationally advanced New Generation II dry process cement production line technology. Currently, the average selling price of cement in the region is approximately US$80 per ton. The Andijon plant is expected to commence production in the first quarter of 2024.

The Group expects to seize the development opportunities through the abovementioned production capacity development, and continuously improve the international market layout to realize the Group's target of high-quality and sustainable development.

Costs Control

The Group will continue to implement a number of cost-cutting measures, which are expected to benefit cost of sales and selling, general and administrative expenses in 2023. These measures include reducing administrative and head office cost and formulating staff incentives to promote efficient use of raw materials and resources.

Environment, Health & Safety

Plant upgrades to meet new NOx and PM emission standards as stipulated by the Cement Industrial Air Pollution Emissions Standards law have now been completed at all of the Group's plants and the Group will continue to further reduce emissions through incremental up grades. The Group plans to further implement measures to strengthen environmental management and monitoring during the second half of 2023 and will continue to implement the "Sustainable Safety Development Project". Moreover, the Group will continue to implement the green mine projects to reduce the pollution to the soil and mines during mining in order to comply with the government policy of "managing while mining" in the future.

In an effort to comply with the PRC government's decision to plan for ecological civilization construction, the Group will sustain its implementation of environmental protection technological modification, increase environmental protection investment, carry out forward-looking development and application of cutting-edge environmental protection technologies, so as to consolidate its comparative advantage. Committed to being innovation-driven, the Group will push forward technology upgrade and modification that meet the requirements for intelligentization, informatization, and environmental protection; it will enhance the development and application of new technologies by accelerating the transformation of research outcome into innovations; it will step up efforts to push forward the construction of smart factories, and to strengthen its core competitiveness.

Capital Expenditure

Other than the capital expenditure spent for maintenance and upgrading of existing production facilities as well as the construction of new production facilities in Ethiopia and Uzbekistan, the Group has no particular plans for capacity expansion and related capital expenditure in 2023. The Group has funded and expects to continue to fund these commitments from operating cash flow and available banking facilities.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 5.9% from RMB4,152.3 million for the first half of 2022 to RMB4,398.3 million for the first half of 2023. Cement sales volume increased by 5.1%, from approximately 8.70 million tons for the first half of 2022 to approximately 9.14 million tons during the six months ended 30 June 2023. Including clinker sales, total sales volume for the first half of 2023 amounted to approximately 9.54 million tons, compared to the 9.15 million tons sold in the first half of 2022.

Overall cement prices in the first half of 2023 were lower than those in the first half of 2022. Cement ASP for the first half of 2023 was RMB383 per ton as compared with RMB384 per ton in the first half of 2022. The reasons for these fluctuations in ASPs and sales volume are discussed in the "Operating Environment" section above.

Other than the above cement sales revenue, the revenues arising from the sales of aggregates and commercial concrete decreased and increased by 18.4% and 32.4% to RMB96.8 million (2022: RMB118.6 million) and RMB368.8 million (2022: RMB278.5 million) for the first half of 2023, respectively, which is primarily due to the net effect of decrease in prices by 7.8% and 8.5% as well as decrease and increase in the sales volumes by 10.4% and 43.8%, respectively.

Cost of Sales

Cost of sales increased by 13% from RMB2,799.3 million for the first half of 2022 to RMB3,164.0 million for the first half of 2023.

Coal costs were deceasing in the PRC during the period because the supply and production of coal were continuously keeping at a relatively high level as a result of the increase in import of coal under the zero import tax policy and the increase in local coal supply under the guaranteed supply policy implemented by the PRC government. In addition to the decrease in the demand of coal under the slowing down recovery of economic activities, the coal prices dropped from approximately RMB1,100 per ton in December 2022 to approximately RMB700 per ton in June 2023. The average cost per ton of coal decreased by approximately 0.5% to approximately RMB975 per ton from approximately RMB980 per ton in the first half of 2022. These have resulted in a cost decrease of approximately RMB3.6 per ton of total cement produced, while total coal costs increased by approximately 1.6% as compared with that of the first half of 2022 due to the increase in sales volume of cement.

The average cost per ton of limestone remained stable at approximately RMB16.7 per ton for the first half of 2023 (2022: RMB16.8 per ton). With the increase in sales volume of cement, the total raw materials costs increased by approximately 3.4% and the raw materials costs decreased by approximately RMB1.0 per ton of total cement produced, as compared with that of the first half of 2022.

The average cost of electricity was decreasing over the first half of 2023 as a result of the decrease in electricity price under the decreasing coal costs and the decrease in the demand of electricity under the slowing down recovery of economic activities. The electricity costs decreased by approximately RMB0.6 per ton of total cement produced, while total electricity costs increased by approximately 3.1% as compared with that of the first half of 2022 due to the increase in sales volume of cement.

The total depreciation cost increased by approximately 13.4% as compared with that of the first half of 2022, which was approximately an increase of RMB3.5 per ton of total cement produced, as a result of the increase in the production capacities and the technology upgrading of the existing production facilities.

The total staff cost increased by approximately 12.7% as compared with that of the first half of 2022, which was approximately an increase of RMB1.7 per ton of total cement produced, as a result of the increase in the production capacities.

As to other items in the costs balance, the balance mainly represented certain environmental related expenses, i.e. sewage fee, environmental protection fee, charged by the government, and safety fee as well as overhaul expense. Other costs in total increased by approximately 18.5% as compared with that of the first half of 2022, which was approximately an increase of RMB2.7 per ton of total cement produced, as a result of the increase in the production capacities.

Moreover, as mentioned in the revenue analysis above, as a result of the decrease and increase in the sales volumes by 10.4% and 43.8%, respectively, the costs arising from the production of aggregates and commercial concrete also decreased and increased by 0.4% and 36.2% to RMB44.8 million (2022: RMB45.0 million) and RMB325.8 million (2022: RMB239.2 million), for the first half of 2023, respectively.

Gross Profit and Gross Profit Margin

Gross profit decreased by RMB118.7 million, or 8.8%, from RM1,352.9 million for the first half of 2022 to RMB1,234.2 million for the first half of 2023. The decrease in gross profit was mainly due to net effect of the decrease in ASPs and the increase in sales volume as described above. Gross profit margin decreased from 32.6% for the first half of 2022 to 28.1% for the first half of 2023.

Other Income

Other income mainly comprises VAT refunds, which is a form of government incentive for the recycling of industrial waste as production input, and other government subsidies. Other income decreased by approximately 28.3% from RMB77.5 million for the first half of 2022 to RMB55.6 million for the first half of 2023. The decrease in other income is mainly due to the decrease in the VAT rebates as a result of the decrease in the ratio of cement produced by using recycled industrial waste during the period.

Administrative and Selling & Marketing Expenses

Administrative expenses primarily included staff costs, general administrative expenses, depreciation and amortization. The amount increased by 16.0% from RMB284.0 million for the first half of 2022 to RMB329.3 million for the first half of 2023. Selling & marketing expenses increased by 32.9% from RMB43.2 million to RMB57.4 million for the first half of 2023 as compared with that of 2022. The increase in administrative expenses and selling & marketing expenses were mainly attributable to the increase in the staff costs arising from the new production capacities and increase in the respective expenses related to the development of the business in Africa.

Other Gains and Losses, net

Other gains increased by RMB136.4 million from RMB7.6 million for the first half of 2022 to RMB144.0 million for the first half of 2023. The increase was mainly due to the net effect of the following factors. Firstly, there were net foreign exchange gains mainly relating to the translation of the Group's USD receivables from the subsidiaries of RMB177.0 million for the first half of 2023 (2022: RMB27.5 million). Secondly, a compensation of RMB32.7 million was received from the government to compensate for the return of a leasehold land for the first half of 2022. No such compensation was received for the first half of 2023. Finally, there was a fair value loss of RMB32.4 million on equity investments, which was acquired upon the disposal of an associate in 2021, during the first half of 2023 (2022: RMB61.7 million).

Interest Income

Interest income decreased by RMB24.3 million from RMB70.7 million for the first half of 2022 to RMB46.4 million for the first half of 2023. The decrease was mainly due to the decrease in the interest income arising from the loan receivables business of RMB34.1 million recorded for the first half of 2023 (2022: RMB61.8 million) as a result of the decrease in loan receivables business.

Finance Costs

Finance costs decreased by RMB34.8 million, or 18.3%, from RMB189.8 million for the first half of 2022 to RMB155.0 million for the first half of 2023. The decrease was mainly due to the increase in the capitalized interest for the construction in progress during the period.

Income Tax Expense

Income tax expenses decreased by RMB0.4 million from RMB193.8 million for the first half of 2022 to RMB193.4 million for the first half of 2023. Current income tax expense net of over provision increased by RMB65.7 million to RMB171.0 million for the first half of 2023 (2022: RMB105.3 million) , whereas deferred tax expenses decreased by RMB66.2 million to RMB22.3 million for the first half of 2023 (2022: RMB88.5 million).

The increase in the current income tax expense were mainly attributable to the increase in profit tax attributable to the Ethiopia subsidiary. The decrease in deferred tax expense was mainly due to the net effect of the increase in the tax losses utilised and the decrease in withholding tax on undistributed profits.

The detailed income tax expenses for the Group are outlined in note 8 to the condensed consolidated financial statements.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company decreased from RMB658.2 million for the first half of 2022 to RMB532.2 million for the first half of 2023. This decrease is primarily due to the decrease in gross profit and increase in income tax expense as mentioned above.

Basic earnings per share decreased from RMB12.1 cents for the first half of 2022 to RMB9.8 cents for the first half of 2023.

FINANCIAL AND LIQUIDITY POSITION

As at 30 June 2023, the Group's total assets increased by 3.4% to RMB31,266.0 million (31 December 2022: RMB30,239.3 million) while total equity increased by 1.5% to RMB13,595.7 million (31 December 2022: RMB13,391.8 million).

As at 30 June 2023, the Group had bank balances and cash as well as restricted/pledged bank deposits, amounting to RMB1,735.6 million (31 December 2022: RMB2,045.9 million). After deducting borrowings, medium-term notes ("MTN") and senior notes ("SN") of RMB9,910.2 million (31 December 2022: RMB9,533.0 million), the Group had net debt of RMB8,174.6 million (31 December 2022: RMB7,487.1 million). 71.8% (31 December 2022: 78.4%) of borrowings are at a fixed interest rate. Moreover, the Group also held loan receivables of RMB674.4 million (31 December 2022: RMB726.5 million) at fixed interest rates. Please refer to notes 13, 17, 19, 20 and 28 to the condensed consolidated financial statements for the details of the loan receivables, borrowings, SN, MTN and the respective pledge of assets.

As at 30 June 2023, the Group's net gearing ratio, measured as net debt to equity, was 60.1% (31 December 2022: 55.9%). Consistent with industry norms, the Group continuously monitors its gearing ratio and manages its capital to optimise the cost of capital and to safeguard the Group's ability to continue as a going concern. As at 30 June 2023, the Group has net current liabilities position of approximately RMB2,330.5 million. As at 30 June 2023, the Group has unused banking facility of approximately RMB1,692.8 million, which is available for drawdown and utilisation in the course of ordinary business from the date of the approval of these condensed consolidated financial statements. Subsequent to 30 June 2023, the Group has obtained additional banking facilities of approximately RMB854.7 million, which is made available for the Group to utilise at the date of granting such facilities. Moreover, the Group had been in negotiation with certain banks which expressed their willingness to grant additional banking facilities to the Group subsequent to 30 June 2023. As at the date of this condensed consolidated financial statements, the Group is also negotiating banking facilities with totalling RMB960.2 million from these banks and the Group expects to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future. In view of the above circumstances, the directors of the Company expect that the Group will have sufficient liquidity to finance its operations for the next twelve months from the date of approval of these condensed consolidated financial statements.

During the period, there was no material change in the Group's funding and treasury policy.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure, measured as the additions of property, plant and equipment, right-of-use assets and mining rights, for the first half of 2023 amounted to RMB764.6 million (2022: RMB1,302.9 million). Capital commitments as at 30 June 2023 amounted to RMB2,829.4 million (31 December 2022: RMB3,283.4 million). Both capital expenditure and capital commitments were mainly related to the maintenance and upgrading of existing production facilities as well as the construction of new production facilities in Democratic Republic of the Congo and Ethiopia. The Group has funded these commitments from operating cash flow and available banking facilities.

DISCLOSURE OF INTEREST

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(1) Interests in shares of the Company

As at 30 June 2023:

Name of Director	Capacity	Number of ordinary shares held as at 30 June 2023 Total *(Note 1)*	Approximate % of issued share capital of the Company as at 30 June 2023
Zhang Jimin	Interest in a controlled corporation	1,756,469,900 (L) *(Note 2)*	32.29%
Ma Zhaoyang	Interest in a controlled corporation	221,587,950 (L) *(Note 3)*	4.07%

Notes:

(1) The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.

(2) These shares are held by Asia Gain Investments Limited ("Asia Gain") which is beneficially and wholly-owned by Zhang Jimin.

(3) These shares are held by Techno Faith Investments Limited and Red Day Limited which are beneficially and wholly-owned by Ma Zhaoyang.

(2) Interests in underlying shares of the Company — equity derivatives of the Company

As at 30 June 2023:

Name of Director	Capacity	Number of underlying shares in respect of the share options granted under the Post-IPO Share Option Scheme	Approximate % of issued share capital of the Company as at 30 June 2023
Zhang Jimin	Beneficial owner	6,175,000	0.110%
Ma Zhaoyang	Beneficial owner	1,450,000	0.030%
Lee Kong Wai, Conway	Beneficial owner	950,000	0.020%
Tam King Ching, Kenny	Beneficial owner	1,450,000	0.030%
Cao Jianshun	Beneficial owner	1,200,000	0.020%
Wang Fayin	Beneficial owner	1,200,000	0.020%
Chu Yufeng	Beneficial owner	2,325,000	0.040%

Save as disclosed above, as at 30 June 2023, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2023, the persons other than a Director or chief executive of the Company who had an interest or short position in 5% or more of the issued share capital of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of ordinary shares of £0.002 each held as at 30 June 2023 *(Note 1)*	Approximate % of issued share capital of the Company as at 30 June 2023
Asia Gain *(Note 2)*	Beneficial owner	1,756,469,900 (L)	32.29%
Conch International Holdings (HK) Limited ("Conch") *(Note 3)*	Beneficial owner	1,584,849,970 (L)	29.14%
Anhui Conch Cement Co., Ltd. ("Anhui Conch") *(Note 3)*	Interest in a controlled corporation	1,584,849,970 (L)	29.14%
安徽海螺集團有限責任公司 *(Note 3)*	Interest in a controlled corporation	1,584,849,970 (L)	29.14%
China Conch Venture Holdings Limited ("China Conch") *(Note 3)*	Interest in a controlled corporation	1,584,849,970 (L)	29.14%
蕪湖海創實業有限責任公司 *(Note 3)*	Interest in a controlled corporation	1,584,849,970 (L)	29.14%
AllianceBernstein L.P.	Beneficial owner	271,782,000 (L)	5.00%

Notes:

(1) The letter "L" denotes the person's long position in such securities, the letter "S" denotes the person's short position in such securities and the letter "P" denotes the person's interest in such securities held in the lending pool of an approved lending agent.

(2) Asia Gain is beneficially and wholly-owned by Zhang Jimin.

(3) Conch is beneficially and wholly-owned by Anhui Conch, which is owned as to 36.40% by 安徽海螺集團有限責任公司. 安徽海螺集團有限責任公司 is owned as to 49.00% by 蕪湖海創實業有限責任公司, which is indirectly controlled by China Conch.

Save as disclosed above, the Company has not been notified by any person who had interests or short position in the shares or underlying shares of the Company as at 30 June 2023 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under the section 336 of the SFO.

SHARE OPTION SCHEMES

The Company adopted a post-IPO share option scheme (the "Post-IPO Share Option Scheme") on 31 March 2010, which had a term of 10 years and expired on 30 March 2020. All outstanding share options granted under the Post-IPO Share Option Scheme remain valid and exercisable in accordance with its terms.

Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme:

1. **Purpose of the Post-IPO Share Option Scheme:**

   The Post-IPO Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Post-IPO Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

   (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

   (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. **Participants of the Post-IPO Share Option Scheme:**

   The board of Directors of the Company (the "Board") may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new shares as the Board may determine:

   (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

   (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and

   (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. **Total number of shares available for issue under the Post-IPO Share Option Scheme and percentage of issued share capital it represents as at 23 August 2010 and as at the date of this interim report:**
The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme shall not in aggregate exceed 411,533,185 shares (representing 10% of the issued share capital of the Company as at 23 August 2010).

As the Post-IPO Share Option Scheme expired on 30 March 2020, except for 46,600,000 shares which may be issued upon exercise of the outstanding options granted under the Post-IPO Share Option Scheme, (representing about 0.86% of the issued share capital of the Company as at the date of this interim report), no further options will be granted and no further shares were available for issue pursuant to the exercise of any options granted under the Post-IPO Share Option Scheme as at the date of this interim report.

4. **Maximum entitlement of each participant under the Post-IPO Share Option Scheme:**
The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. **The period within which the shares must be exercised under the Post-IPO Share Option Scheme:**
An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Post-IPO Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**
There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.

7. **The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:**
Options granted must be taken up within 21 days of the date of offer, upon payment of HK$1 per grant.

8. **The basis of determining the exercise price:**
Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the HKSE daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the HKSE daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary share.

9. **The remaining life of the Post-IPO Share Option scheme:**
The Post-IPO Share Option Scheme had a life of 10 years from the date of its adoption and it has ended on 30 March 2020. Outstanding share options granted under the scheme remain valid in accordance with its terms.

Movements of the share options granted under the Post-IPO Share Option Scheme

During the six months ended 30 June 2023:

					Number of ordinary shares subject to share options granted under the Post-IPO Share Option Scheme				
Category and name of participant	Date of grant of share options *(Notes 1, 2)*	Exercise price (HKD)	Exercise period	Outstanding as at 1 January 2023	Granted during the period ended 30 June 2023	Exercised during the period ended 30 June 2023	Cancelled during the period ended 30 June 2023	Lapsed during the period ended 30 June 2023	Outstanding as at 30 June 2023
Directors									
Zhang Jimin	22 March 2013	1.25	22 March 2014 to 21 March 2023	2,000,000	–	–	–	2,000,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	2,775,000	–	–	–	–	2,775,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	3,400,000	–	–	–	–	3,400,000
Ma Zhaoyang	22 March 2013	1.25	22 March 2014 to 21 March 2023	325,000	–	–	–	325,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	750,000	–	–	–	–	750,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	700,000	–	–	–	–	700,000
Ma Weiping *(Note 3)*	22 March 2013	1.25	22 March 2014 to 21 March 2023	325,000	–	–	–	325,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	750,000	–	–	–	–	750,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	8,000,000	–	–	–	–	8,000,000
Lee Kong Wai Conway	22 March 2013	1.25	22 March 2014 to 21 March 2023	325,000	–	–	–	325,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	250,000	–	–	–	–	250,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	700,000	–	–	–	–	700,000
Tam King Ching Kenny	22 March 2013	1.25	22 March 2014 to 21 March 2023	325,000	–	–	–	325,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	750,000	–	–	–	–	750,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	700,000	–	–	–	–	700,000
Cao Jianshun	22 March 2013	1.25	22 March 2014 to 21 March 2023	500,000	–	–	–	500,000	–
	24 March 2013	0.91	24 March 2015 to 23 March 2024	1,200,000	–	–	–	–	1,200,000
Wang Fayin	22 March 2013	1.25	22 March 2014 to 21 March 2023	500,000	–	–	–	500,000	–
	24 March 2013	0.91	24 March 2015 to 23 March 2024	1,200,000	–	–	–	–	1,200,000
Chu Yufeng	24 March 2014	0.91	24 March 2015 to 23 March 2024	325,000	–	–	–	–	325,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	2,000,000	–	–	–	–	2,000,000
Other employees (Group A)	22 March 2013	1.25	22 March 2014 to 21 March 2023	5,750,000	–	–	–	5,750,000	–
	24 March 2014	0.91	24 March 2015 to 23 March 2024	13,900,000	–	–	–	–	13,900,000
	13 April 2015	1.45	13 April 2016 to 12 April 2025	9,200,000	–	–	–	–	9,200,000
Total				56,650,000	–	–	–	10,050,000	46,600,000

Notes:

1. *The closing prices of the shares of the Company on 21 March 2013, 21 March 2014 and 10 April 2015, being the dates immediately before the dates on which the share options were granted, were HK$1.25, HK$0.91 and HK$1.37 per share, respectively.*

2. *The vesting of Share Options granted under the Share Option Scheme on each of 22 March 2013, 24 March 2014 and 13 April 2015 is conditional upon the achievement of certain performance targets as set out in the respective offer letters, including among others, achievement of strategic goals and financial and operational performance targets, during the vesting period and the exercise period of the Share Options.*

   Subject to the abovementioned vesting or performance conditions, the Share Options with respect to a grantee will be exercisable in the following manner:

   (i) *25% of the Share Options will be exercisable at any time on and after the end of first anniversary (or the end of third anniversary for some of the other employees of the Group) of the grant of the Share Options;*

   (ii) *up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraph (i) above will be exercisable at any time commencing from end of the second anniversary (or the end of fourth anniversary for some of the other employees of the Group) of the grant of the Share Options;*

   (iii) *up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraphs (i) and (ii) above will be exercisable at any time commencing from the end of third anniversary (or the end of fifth anniversary for some of the other employees of the Group) of the grant of the Share Options; and*

   (iv) *up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraphs (i) to (iii) above will be exercisable at any time commencing from the end of fourth anniversary (or the end of sixth anniversary for some of the other employees of the Group) of the grant of the Share Options.*

   No Share Options will be exercisable after the expiry of its term.

3. *Dr. Ma Weiping resigned as the executive Director and chief executive officer with effect from 2 February 2023.*

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (2022: Nil).

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure the Group is led by an effective Board in order to optimise returns for the shareholders of the Company.

The Board is of the view that the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2023.

CHANGES IN INFORMATION OF DIRECTORS

Changes in the information of Directors since the publication of the annual report of the Company for the year ended 31 December 2022 and up to 30 June 2023, which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Wang Jingqian (王敬謙) resigned as a non-executive Director on 7 June 2023; and

- Mr. Fan Zhan (凡展) has been appointed as a non-executive Director with effect from 7 June 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules and with written term of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group and to provide advice and comments to the Board, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee consists of four independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Zhu Dong, Mr. Tam King Ching Kenny and Mr. Feng Tao. Mr. Lee Kong Wai Conway is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2023.

AUDITORS

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the auditors of the Company.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with paragraph B1 of the Code. The Remuneration Committee currently consists of three independent non-executive Directors, being Mr. Tam King Ching Kenny, Mr. Lee Kong Wai Conway and Mr. Zhu Dong, and one executive Director, being Mr. Zhang Jimin, with Mr. Tam King Ching Kenny serving as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration packages for the Directors and senior management.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") with written terms of reference as recommended under paragraph A.5 of the Code. The Nomination Committee currently consists of two independent non-executive Directors, being Mr. Lee Kong Wai Conway and Mr. Tam King Ching Kenny, and one executive Director, being Mr. Zhang Jimin, with Mr. Zhang Jimin serving as the chairman of the Nomination Committee.

The primary functions of the Nomination Committee are to make recommendations to the Board regarding the appointment of members of the Board. The Nomination Committee is responsible for identifying the individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, all the Directors confirmed and declared that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2023.

On behalf of the Board of Directors
Zhang Jimin
Chairman
21 August 2023

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF WEST CHINA CEMENT LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of West China Cement Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
	Notes	**(Unaudited)**	(Unaudited)
Revenue	3	**4,398,290**	4,152,252
Cost of sales		**(3,164,046)**	(2,799,305)
Gross profit		**1,234,244**	1,352,947
Other income	4	**55,619**	77,520
Selling and marketing expenses		**(57,379)**	(43,229)
Administrative expenses		**(329,337)**	(284,006)
Other expenses		**(25,534)**	(26,510)
Other gains and losses, net	5	**143,990**	7,599
Impairment loss under expected credit loss model, net of reversal	9	**(62,593)**	(70,463)
Share of result of a joint venture		**(3,403)**	(2,851)
Interest income	6	**46,388**	70,656
Finance costs	7	**(155,035)**	(189,783)
Profit before tax		**846,960**	891,880
Income tax expense	8	**(193,370)**	(193,831)
Profit for the period	9	**653,590**	698,049
Other comprehensive (expense) income for the period			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(12,192)**	24,362
Total comprehensive income for the period		**641,398**	722,411
Profit for the period attributable to:			
— Owners of the Company		**532,160**	658,151
— Non-controlling interests		**121,430**	39,898
		653,590	698,049
Total comprehensive income attributable to:			
— Owners of the Company		**505,994**	674,004
— Non-controlling interests		**135,404**	48,407
		641,398	722,411
Earnings per share			
— Basic (RMB)	11	**0.098**	0.121
— Diluted (RMB)	11	**0.098**	0.121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**18,661,427**	18,195,355
Investment properties		**47,059**	47,059
Right-of-use assets	12	**819,783**	827,334
Mining rights	12	**1,509,569**	1,528,031
Other intangible assets		**543,102**	543,560
Interest in a joint venture		**–**	3,403
Interest in an associate		**5,559**	–
Equity investments at fair value through profit or loss ("FVTPL")		**60,180**	92,593
Loan receivables	13	**423,943**	401,847
Deferred tax assets		**137,919**	190,639
Prepayments for right-of-use assets		**26,939**	38,511
Prepayments for mining rights		**9,500**	9,500
Deposits paid for acquisition of property, plant and equipment		**1,159,123**	858,013
Other deposits	14	**231,514**	18,472
Amount due from a joint venture	16	**–**	634,827
		23,635,617	23,389,144
Current assets			
Inventories		**1,445,608**	1,488,858
Trade and other receivables and prepayments	14	**3,399,178**	2,990,695
Properties under development		**799,595**	–
Loan receivables	13	**250,448**	324,654
Pledged/restricted bank deposits		**480,228**	621,627
Cash and cash equivalents		**1,255,330**	1,424,275
		7,630,387	6,850,109
Current liabilities			
Borrowings	17	**3,174,775**	3,156,533
Medium-term notes	20	**740,204**	714,431
Trade and other payables	18	**4,834,168**	4,877,402
Dividend payable		**445,886**	88,410
Contract liabilities		**469,855**	453,687
Deferred income	21	**4,348**	3,527
Income tax payable		**291,658**	181,006
		9,960,894	9,474,996
Net current liabilities		**(2,330,507)**	(2,624,887)
Total assets less current liabilities		**21,305,110**	20,764,257

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Borrowings	17	**1,570,005**	1,457,917
Asset retirement obligations		**332,795**	335,693
Deferred tax liabilities		**429,073**	459,456
Deferred income	21	**24,123**	28,254
Senior notes	19	**4,425,258**	4,204,158
Other long-term payables	22	**928,137**	887,028
		7,709,391	7,372,506
Net assets		**13,595,719**	13,391,751
Capital and reserves			
Share capital	23	**141,837**	141,837
Share premium and reserves		**11,941,194**	11,889,516
Equity attributable to owners of the Company		**12,083,031**	12,031,353
Non-controlling interests		**1,512,688**	1,360,398
Total equity		**13,595,719**	13,391,751

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Equity reserve RMB'000 (Note b)	Translation reserve RMB'000	Share option reserve RMB'000	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	141,837	1,354,026	(250,227)	27,641	22,724	1,681,321	9,054,031	12,031,353	1,360,398	13,391,751
Profit for the period	–	–	–	–	–	–	532,160	532,160	121,430	653,590
Exchange differences on translation of foreign operations	–	–	–	(26,166)	–	–	–	(26,166)	13,974	(12,192)
Total comprehensive (expense) income for the period	–	–	–	(26,166)	–	–	532,160	505,994	135,404	641,398
Appropriation of maintenance and production funds (Note a)	–	–	–	–	–	47,802	(47,802)	–	–	–
Utilisation of maintenance and production funds (Note a)	–	–	–	–	–	(10,901)	10,901	–	–	–
Dividend recognised as distribution (Note 10)	–	(364,405)	–	–	–	–	–	(364,405)	–	(364,405)
Share options lapsed	–	–	–	–	(4,743)	–	4,743	–	–	–
Capital refund to non-controlling shareholders	–	–	–	–	–	–	–	–	(10,064)	(10,064)
Acquisition of additional interests from a non-controlling shareholder (Note d)	–	–	(89,911)	–	–	–	–	(89,911)	26,950	(62,961)
At 30 June 2023 (unaudited)	141,837	989,621	(340,138)	1,475	17,981	1,718,222	9,554,033	12,083,031	1,512,688	13,595,719

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Equity reserve RMB'000 (Note b)	Translation reserve RMB'000	Share option reserve RMB'000	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	141,837	1,827,209	(250,227)	51,399	22,724	1,411,894	8,108,712	11,313,548	478,079	11,791,627
Profit for the period	–	–	–	–	–	–	658,151	658,151	39,898	698,049
Exchange differences on translation of foreign operations	–	–	–	15,853	–	–	–	15,853	8,509	24,362
Total comprehensive income for the period	–	–	–	15,853	–	–	658,151	674,004	48,407	722,411
Appropriation of maintenance and production funds (Note a)	–	–	–	–	–	38,947	(38,947)	–	–	–
Utilisation of maintenance and production funds (Note a)	–	–	–	–	–	(9,913)	9,913	–	–	–
Dividend recognised as distribution (Note 10)	–	(473,183)	–	–	–	–	–	(473,183)	(18,825)	(492,008)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	(11,485)	(11,485)
Acquisition of additional interests from non-controlling shareholders (Note c)	–	–	–	–	–	–	–	–	(22,500)	(22,500)
At 30 June 2022 (unaudited)	141,837	1,354,026	(250,227)	67,252	22,724	1,440,928	8,737,829	11,514,369	473,676	11,988,045

Notes:

a. *Pursuant to the relevant People's Republic of China ("PRC") regulations, the Group is required to transfer maintenance and production funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve account to retained earnings.*

b. *For the comprisal of the equity reserve, please refer to Note 41 of annual report for the year ended 31 December 2022.*

c. *On 29 January 2022, the Group entered into agreements with the non-controlling shareholders of Shaanxi Fengshengdeyuan Industrial Co., Ltd.* ("Shaanxi Fengsheng") 陝西豐盛德遠實業有限公司 to acquire 45% of the equity interests in Shaanxi Fengsheng from the non-controlling shareholders for a total consideration of RMB22,500,000.*

d. *On 5 May 2023, the Group acquired 30.5% of the equity interests in 康定跑馬山水泥有限責任公司 Kangding Paomashan Cement Co., Ltd.* ("Paomashan") from a non-controlling shareholder of Paomashan for a total consideration of RMB62,961,000 through court auction.*

* *The English name is for identification purpose.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES		**1,116,702**	976,986
INVESTING ACTIVITIES			
Interest received		**46,388**	70,656
Purchase of property, plant and equipment		**(1,219,179)**	(1,257,804)
Purchase of mining rights		**(8,124)**	(14,021)
Purchase of other intangible assets		**(2,487)**	(1,794)
Purchase of right-of-use assets		**(10,137)**	(52,646)
Deposits paid for equity investments		**(143,208)**	–
Proceeds from disposal of property, plant and equipment		**5,151**	19,589
Proceeds from disposal of entrusted product		**–**	87,591
Refund of prepayment for right-of-use assets		**9,556**	–
Loans to third parties		**(210,000)**	(3,600)
Repayments received from loans to third parties		**239,007**	68,739
Net cash outflow on acquisition of subsidiaries		**(23,515)**	(97,783)
Government grants received for acquisition of property, plant and equipment		**–**	3,200
Withdrawal of pledged/restricted bank deposits		**746,277**	373,536
Placement of pledged/restricted bank deposits		**(599,187)**	(497,264)
Net cash used in investing activities		**(1,169,458)**	(1,301,601)
FINANCING ACTIVITIES			
New borrowings raised	17	**862,901**	1,586,624
Repayments of borrowings	17	**(732,571)**	(1,767,258)
Repayment of medium-term notes		**–**	(500,000)
Dividend paid to non-controlling shareholders of subsidiaries		**(8,985)**	(8,000)
Interest paid		**(196,690)**	(205,226)
Acquisition of additional interest in non-controlling interests		**(62,961)**	(20,500)
Capital refund to non-controlling shareholders		**(10,064)**	–
Net cash used in financing activities		**(148,370)**	(914,360)
Net decrease in cash and cash equivalents		**(201,126)**	(1,238,975)
Cash and cash equivalents at 1 January		**1,424,275**	3,507,715
Effect of foreign exchange rate changes		**32,181**	114,117
Cash and cash equivalents at 30 June, represented by cash and cash equivalents		**1,255,330**	2,382,857

1. GENERAL INFORMATION

West China Cement Limited (the "Company") and its subsidiaries (collectively "the Group") are principally engaged in the production and sale of cement in western China, the PRC and Africa.

The Company was incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is 47 Esplanade, St Helier, Jersey JE1 0BD, Channel Islands and the principal place of business is Yaobai R&D Training Center, No.336 4th Shenzhou Road, Aerospace Industrial Base, Chang'an District, Xi'an, Shaanxi Province, the PRC.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and most of its principal subsidiaries in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (''IFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

2.1 Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform-Pillar Two model Rules*

Except as described below, the application of the other new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.1 Application of amendments to IFRSs (Cont'd)

Impacts on application of amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.2 Basis for preparation of condensed consolidated financial statements

As at 30 June 2023, the Group has net current liabilities position of approximately RMB2,330,507,000. The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future after considering the followings:

- as at 30 June 2023, the Group has unused banking facility of approximately RMB1,692,770,000, which is available for drawdown and utilisation in the course of ordinary business from the date of the approval of these condensed consolidated financial statements;

- subsequent to 30 June 2023, the Group has obtained additional banking facilities of approximately RMB854,690,000, which is made available for the Group to utilise at the date of granting such facilities;

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

2.2 Basis for preparation of condensed consolidated financial statements (Cont'd)

- subsequent to 30 June 2023, the Group had been in negotiation with certain banks which expressed their willingness to grant additional banking facilities to the Group. As at the date of this condensed consolidated financial statements, the Group is negotiating banking facilities amounted to RMB960,213,000 from these banks; and

- the Group expects to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future.

In view of the above circumstances, the directors of the Company expect that the Group will have sufficient liquidity to finance its operations for the next twelve months from 30 June 2023. Therefore, the condensed consolidated financial statements have been prepared on going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business

2.3 Accounting policy newly applied by the Group

The Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development which are intended to be sold upon completion of development and are classified as current assets. Properties under development is carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to completed properties for sale upon completion of development.

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of products and services		
Sales of cement and related products	**4,278,545**	4,082,586
Provision of construction and installation service	**12,098**	2,900
Others	**107,647**	66,766
	4,398,290	4,152,252

Performance obligation for contracts with customers

Revenue is recognised at a point in time when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customer, except that revenue from provision of construction and installation service is recognised over time by reference to the progress towards complete satisfaction for construction and installation service. The Group normally accepts the normal credit term is 90 to 180 days upon delivery.

All contracts are for periods of one year or less, as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Operating Segments

The Group is principally engaged in the production and sale of cement and related products, both in the PRC and overseas. Information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on different regions.

In the current period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The segment changed from the location of the operations to the location of the markets. Prior period segment disclosures have been re-presented to conform with the current period's presentation.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

1. The PRC markets

2. Overseas markets

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating Segments (Cont'd)

(1) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 30 June 2023

	The PRC markets RMB'000 (Unaudited)	Overseas markets RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Adjustments and eliminations RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
SEGMENT REVENUE					
External sales	3,189,595	1,208,695	4,398,290	–	4,398,290
Inter-segment sales	31,965	–	31,965	(31,965)	–
Total	3,221,560	1,208,695	4,430,255	(31,965)	4,398,290
SEGMENT PROFIT	309,558	596,565	906,123	–	906,123
Share of result of a joint venture					(3,403)
Fair value change on equity investments at FVTPL					(32,413)
Dividend income from equity investments at FVTPL					1,897
Unallocated directors' emoluments					(5,614)
Unallocated central administrative costs					(18,425)
Unallocated legal and professional expenses					(1,205)
Profit before tax					846,960

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating Segments (Cont'd)

(1) Segment revenue and results (Cont'd)

For the six months ended 30 June 2022 (restated)

	The PRC markets RMB'000 (Unaudited)	Overseas markets RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Adjustments and eliminations RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
SEGMENT REVENUE					
External sales	3,682,740	469,512	4,152,252	–	4,152,252
Inter-segment sales	17,325	–	17,325	(17,325)	–
Total	3,700,065	469,512	4,169,577	(17,325)	4,152,252
SEGMENT PROFIT	768,973	226,341	995,314	–	995,314
Share of result of a joint venture					(2,851)
Fair value change on equity investments at FVTPL					(61,734)
Dividend income from equity investments at FVTPL					2,956
Unallocated directors' emoluments					(5,310)
Unallocated central administrative costs					(11,278)
Unallocated legal and professional expenses					(25,217)
Profit before tax					891,880

(2) Segment assets and liabilities

The CODM makes decision according to the operating results of each segment. No analysis of segment asset and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

3. REVENUE AND SEGMENT INFORMATION (Cont'd)

Geographical Information

Information about the Group's revenue from external customers is presented based on the geographical location of the markets.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	**3,189,595**	3,682,740
Africa	**1,205,490**	469,512
Others	**3,205**	–
	4,398,290	4,152,252

The proportion of the Group's non-current assets (excluding financial instruments and deferred tax assets) by geographical location of the assets is as follows:

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
The PRC (including HK)	**11,958,840**	12,442,580
Africa	**10,592,523**	9,494,177
Others	**230,698**	114,009
	22,782,061	22,050,766

No single customer contributed 10% or more to the Group's revenue for both periods ended 30 June 2023 and 2022.

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Tax refund *(Note)*	**43,546**	61,098
Government grant, including release from deferred income	**10,176**	13,466
Dividend income from equity investments at FVTPL	**1,897**	2,956
	55,619	77,520

Note: The tax refund mainly represents government subsidies in the form of value added tax ("VAT") refund approved by relevant government authorities as a result of utilising industrial waste as part of the production materials.

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gain on investment in entrusted product	**–**	5,736
Fair value loss on equity investments at FVTPL	**(32,413)**	(61,734)
Net foreign exchange gains	**177,001**	27,511
(Loss) gain on disposal of property, plant and equipment	**(2,869)**	658
Compensation received *(Note)*	**–**	32,718
Gain on deemed disposal of a joint venture	**10,000**	–
Others	**(7,729)**	2,710
	143,990	7,599

Note: During six months ended 30 June 2022, a subsidiary of the Group is approached by the local government in Lantian, the PRC, to return the leasehold land. The subsidiary received the government compensation in return.

6. INTEREST INCOME

Interest income represents interest received and receivable from bank deposits, loan receivables and amount due from a joint venture.

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank loans	**88,971**	80,468
Other long-term payables	**21,353**	–
Medium-term notes	**25,773**	39,064
Senior notes	**108,467**	101,034
	244,564	220,566
Less: amount capitalised in construction in progress	**(95,618)**	(43,406)
	148,946	177,160
Unwinding of discount of asset retirement obligations	**6,089**	12,623
	155,035	189,783

Borrowing cost capitalised on general borrowing pool are calculated by applying a weighted average capitalisation rate on funds borrowed of 4.97% (six months ended 30 June 2022: 4.94%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC enterprise income tax ("EIT")	**37,760**	86,335
Hong Kong Profits Tax	**13,528**	17,601
Ethiopia Profits Tax	**90,754**	–
Others	**6,915**	847
Withholding tax	**26,250**	15,000
	175,207	119,783
Over provision in prior years		
PRC EIT	**(4,174)**	(14,461)
Deferred tax		
Current period	**22,337**	88,509
Income tax expense	**193,370**	193,831

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**621,025**	545,737
Depreciation of right-of-use assets	**8,724**	9,997
Amortisation of mining rights	**20,870**	21,864
Amortisation of other intangible assets	**2,945**	2,537
Total depreciation and amortisation	**653,564**	580,135
Recognised in cost of sales	**(148,622)**	(120,626)
Capitalised in inventories	**(454,649)**	(402,694)
	50,293	56,815
Staff costs (including directors' emoluments)		
Salaries and allowances	**363,151**	354,624
Retirement benefits	**29,590**	27,219
Total staff costs	**392,741**	381,843
Recognised in cost of sales	**(40,631)**	(28,056)
Capitalised in inventories	**(156,090)**	(192,388)
	196,020	161,399
Net allowance for credit losses recognised (reversed) in respect of:		
Loan receivables	**12,391**	34,379
Trade receivables	**50,202**	36,652
Other receivables	**–**	(568)
	62,593	70,463
Donations (included in other expenses)	**5,599**	1,293

10. DIVIDENDS

During the six months ended 30 June 2023, the Group declared a final dividend of HK7.4 cents (equivalent to RMB6.7 cents) per ordinary share in respect of the year ended 31 December 2022 (six months ended 30 June 2022: HK10.7 cents (equivalent to RMB8.7 cents) per ordinary share in respect of the year ended 31 December 2021) in total of approximately RMB364,405,000 (six months ended 30 June 2022: RMB473,183,000).

The directors of the Company have determined that no dividend will be paid in respect of current and prior interim period.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**532,160**	658,151

	Six months ended 30 June	
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,438,883**	5,438,883
Effect of dilutive potential ordinary shares from share options issued by the Company	**920**	5,775
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,439,803**	5,444,658

The computation of diluted earnings per share for the six months ended 30 June 2023 and 2022 does not assume the exercise of certain share options because the exercise price of those options was higher than the average market price for shares for both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/ MINING RIGHTS

During the current interim period, the Group purchased property, plant and equipment, right-of-use assets (land use rights) and mining rights of RMB97,530,000 (six months ended 30 June 2022: RMB122,717,000), RMB10,137,000 (six months ended 30 June 2022: RMB52,646,000) and RMB8,124,000 (six months ended 30 June 2022: RMB14,021,000), respectively, from third parties and incurred RMB648,857,000 on construction in progress (six months ended 30 June 2022: RMB1,113,501,000).

In addition, during the current interim period, the Group acquired a subsidiary with addition of property, plant and equipment, right-of-use assets, and mining rights of nil (six months ended 30 Jun 2022: RMB642,986,000), nil (six months ended 30 June 2022: RMB17,758,000) and nil (six months ended 30 June 2022: RMB305,000), respectively.

The amounts of construction in progress transferred to other classes of property, plant and equipment during the six months ended 30 June 2023 are RMB60,800,000 (six months ended 30 June 2022: RMB213,004,000).

In addition, during the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB11,020,000 (six months ended 30 June 2022: RMB18,931,000), resulting in a loss on disposal of RMB2,869,000 (six months ended 30 June 2022: gain on disposal of RMB658,000).

13. LOAN RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Loans collateralised by property, plant and equipment *(Note a)*	**494,797**	526,776
Loans collateralised by receivables *(Note b)*	**427,800**	427,800
Small loans *(Note c)*	**16,999**	24,739
	939,596	979,315
Less: Allowance for credit losses	**(265,205)**	(252,814)
	674,391	726,501
Analysed as:		
Current	**250,448**	324,654
Non-current	**423,943**	401,847
	674,391	726,501

13. LOAN RECEIVABLES (Cont'd)

Notes:

(a) As at 30 June 2023 and 31 December 2022, the Group has entered into certain arrangements (the "Arrangements") with third parties for periods ranging from one to four years under which:

(i) The third parties transferred the ownership titles of certain of their assets to the Group and leased back those assets;

(ii) The shareholders of the third parties provided guarantees for the due performance of the obligations of the third parties under the Arrangements; and

(iii) Upon discharging all the obligations by the third parties under the Arrangements, the Group will return the ownership title of the assets to the lessees automatically.

Despite the Arrangements involving a legal form of a lease, the Group accounted for the Arrangements as collateralised loans in accordance with the financial arrangement under IFRS 9 prior to 1 January 2019. Upon application of IFRS 16, the Group continues to recognise loan receivables within the scope of IFRS 9 as the transfer does not satisfy the requirement of IFRS 15 as a sale. All interest rates inherent in the Arrangements are fixed at the contract dates over the contract terms.

(b) The loans collateralised by receivables with fixed interest rates at the contract dates over the contract terms. The interests are receivable periodically based on the contractual terms. All principal are receivable upon maturity dates.

(c) Balance represents the small loans provided to small and medium sized enterprises or individuals. The interests are receivable periodically according to the contractual terms with fixed interest rate with principal to be collected on maturity dates or by instalments.

The contractual maturity dates of the Group's fixed-rate loan receivables are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within one year	**250,448**	324,654
In more than one year but not more than two years	**423,943**	401,847
	674,391	726,501

The ranges of effective rates on the Group's loan receivables was 8% to 15% per annum as at 30 June 2023 (31 December 2022: 8% to 15% per annum).

All of the Group's loan receivables are dominated in RMB.

Details of the impairment assessment are set on in Note 15.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	**1,564,114**	1,254,034
Trade receivables backed by bills	**526,263**	463,468
	2,090,377	1,717,502
Less: Allowance for credit losses	**(229,861)**	(179,659)
	1,860,516	1,537,843
Other receivables	**1,126,274**	738,405
Less: Allowance for credit losses	**(846)**	(846)
	1,125,428	737,559
VAT recoverables	**331,504**	440,077
VAT refund receivables	**15,944**	22,205
Prepayments to suppliers	**297,300**	271,483
	3,630,692	3,009,167
Less: Non-current portion of other deposits (included in "Other receivables" above)	**(231,514)**	(18,472)
	3,399,178	2,990,695

All bills received by the Group are due within one year from the issuance date of the bills.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

The following is an aged analysis of trade receivables, excluding bills held by the Group, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 90 days	**543,515**	552,685
91 to 180 days	**221,752**	230,693
181 to 360 days	**456,593**	173,541
361 to 720 days	**196,077**	180,156
Over 720 days	**146,177**	116,959
	1,564,114	1,254,034

As at 30 June 2023, included in trade receivables backed by bills represents total bills received amounting to RMB189,385,000 (31 December 2022: RMB243,240,000) that were endorsed to suppliers on a full recourse basis. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognise the full carrying amounts of the receivables and the corresponding trade payables.

Details of the impairment assessment are set on in Note 15.

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

Impairment assessment on loan receivables

Credit risk of loan receivables is monitored by the dedicated credit risk department of the Group responsible for the review and managing of credit risk for all corporate loan borrowers. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the Group to define the terms of the loans as well as assess the potential loss as a result of the risks to which it is exposed and take corrective action. The Group monitors credit risk of loan receivables regularly by reviewing changes in creditworthiness of the loan borrowers, past collection history, subsequent settlement of each loan borrowers, and also relevant collaterals and guarantees as well as forward-looking information, in order to mitigate the risk of significant exposure from bad debts.

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS (Cont'd)

Impairment assessment on trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has formulated a defined trade credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from customers.

The Group performs impairment assessment under ECL model on trade balances individually for significant balances and insignificant balances with specific risks. In addition, the Group measures expected credit loss allowance for the remaining of its trade receivables using a provision matrix by debtors' aging because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Trade receivables with bills received from trade customers amounted to approximately RMB526,263,000 (31 December 2022: RMB463,468,000) as at 30 June 2023. The directors of the Company consider the ECL for these trade receivables is insignificant because the bills are issued by banks and trust company with high credit ratings assigned by either international or PRC credit rating agencies.

Impairment assessment on other receivables

Other receivables that are measured at amortised cost were considered low credit risk, and thus the impairment provision recognised during the interim period was based on 12-month ECL.

For other receivables, the management make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive forward-looking information.

Impairment assessment on cash and cash equivalents, and pledged/restricted bank deposits

The credit risks on cash and cash equivalents, and pledged/restricted bank deposits are limited because the counterparties are banks or financial institutions with high credit ratings assigned by international credit-rating agencies.

Allowance for impairment

Allowance for credit losses recognised in respect of the financial assets for both periods are set out in Note 9 to the condensed consolidated financial statements.

16. AMOUNT DUE FROM A JOINT VENTURE

As at 31 December 2022, amount represented advance made to the joint venture to finance for its real estate project. The advance was unsecured and beared interest rate of 7% per annum. On 1 February 2023, the Group acquired the remaining 50% equity interests in the joint venture. Details of the acquisition are set on in Note 26.

17. BORROWINGS

During the current interim period, the Group obtained new loans amounting to RMB862,901,000 (six months ended 30 June 2022: RMB1,586,624,000) and made repayments amounting to RMB732,571,000 (six months ended 30 June 2022: RMB1,767,258,000). The borrowings carry annual interest rates ranging from 0.7% to 22% per annum as at 30 June 2023 (31 December 2022: 0.75% to 8% per annum) and are repayable between 2023 and 2041 (31 December 2022: repayable between 2023 and 2041).

18. TRADE AND OTHER PAYABLES

As at 30 June 2023, included in trade payables are bills amounting to RMB165,300,000 (31 December 2022: RMB11,300,000) which are issued by the Group to settle trade payables.

The following is an aged analysis of trade payables (excluding those bills transferred by the Group for settlement which are due within six months to one year based on the issuance date) presented based on the date of delivering of goods at the end of the reporting period.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 90 days	**1,013,260**	1,238,344
91 to 180 days	**329,338**	341,497
181 to 360 days	**249,533**	228,292
361 to 720 days	**196,320**	145,730
Over 720 days	**138,881**	114,060
	1,927,332	2,067,923

As at 30 June 2023, included in other payables, there is provision of approximately RMB29,778,000 in relation to the case below.

During the year ended 31 December 2022, the Group received an administrative penalty order made by Shaanxi Administration for Market Regulation ("SXAMR") for an accusation of price monopoly in the Central Shaanxi market in the PRC from July 2017 to March 2019 together with other 12 cement entities in the region. The Group was ordered to pay a penalty that was measured based on a percentage of the total sales in the region during such period. The directors of the Company determined that the penalty order made by SXAMR was unjustified and the Group had filed an objection to the State Administration for Market Regulation ("SAMR") against the original order during the same year.

In October 2022, the proceeding of the objection to SAMR was temporary suspended and the Group and SXAMR was undergone arbitration on the penalty order. In March 2023, the Group and SXAMR could not reach to a settlement and the proceeding of objection was resumed. Subsequently, SAMR upheld the original judgement made by SXAMR. In April 2023, the Group commenced an administrative litigation to Beijing Intellectual Property Court ("BJIPC") against the order from SXAMR and the result of objection from SAMR. Up to the date of issuance of these condensed consolidated financial statements, the Group has yet to receive any hearing notice from BJIPC.

The Group had made a provision of approximately RMB29,778,000 (included in other payables) in relation to the administrative penalty for the year ended 31 December 2022. Considering the abovementioned developments, the management considered that the amount represented the management's best estimate that an outflow of resources embodying economic benefits will be required to settle the obligation as at period ended 30 June 2023.

19. SENIOR NOTES

On 9 July 2021, the Company issued 4.95%, five-year senior notes with an aggregated principal amount of US$600,000,000 due in 2026 (the "Senior Notes") at 100% of the face value. The effective interest rate was approximately 5.18% per annum after adjusting for transaction costs. The Senior Notes were listed on the SEHK and guaranteed by certain subsidiaries of the Company.

According to the terms and conditions of the Senior Notes, at any time or from time to time prior to 8 July 2024, the Company may at its option redeem the notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The applicable premium is the greater of (1) 1.00% of the principal amount of such note and (2) the excess of (A) the present value at such redemption date of the redemption price of such note at 8 July 2024, plus all required remaining scheduled interest payments due on such note (but excluding accrued and unpaid interest to the redemption date) through 8 July 2024, computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such note on such redemption date.

At any time and from time to time prior to 8 July 2024, the Company may at its option redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 104.95% of the principal amount of the notes, plus accrued and unpaid interest, if any.

On or after 8 July 2024, the Company may on any one or more occasions redeem all or any part of the notes, at the redemption prices of 102.475% (if redeemed prior to 8 July 2025) or 101.238% (if redeemed on or after 8 July 2025), plus accrued and unpaid interest, if any, on the notes redeemed, to (but not including) the applicable date of redemption.

The early redemption options were regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered the fair value of the Company's early redemption options at the initial recognition and at the end of the reporting period was insignificant.

20. MEDIUM-TERM NOTES

On 30 April 2019, 堯柏特種水泥集團有限公司 Yaobai Special Cement Group Co., Ltd* ("Shaanxi Yaobai"), a subsidiary of the Company, registered with National Association of Financial Market Institutional Investors of the PRC to issue medium-term notes with an aggregate amount of RMB1,500,000,000.

On 5 May 2019, the first tranche of the medium-term note with principal amount of RMB500,000,000 ("First Tranche of the Medium-term Note") was issued at an interest rate of 7.50% per annum. First Tranche of the Medium-term Note was unsecured with maturity of three years and carried effective interest rate of approximately 7.58% per annum after adjusting for transaction costs of RMB4,500,000. This amount was fully repaid in May 2022.

On 2 September 2020, the Group issued the second tranche of the medium-term note with principal amount of RMB700,000,000 ("Second Tranche of the Medium-term Note") which carried interest of 7% per annum with maturity date of three years from the date of 4 September 2020. The Second Tranche of the Medium-term Note carries effective interest rate of approximately 7.11% per annum after adjusting for transaction costs of RMB6,300,000.

** The English name is for identification purpose*

21. DEFERRED INCOME

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Government grants relating to:		
— acquisition of property, plant and equipment *(Note)*	**28,471**	31,781
Less: amounts expected to be recognised within one year	**(4,348)**	(3,527)
	24,123	28,254

Note: The amount represents unconditional government grants received by the Group's subsidiaries for acquisition of property, plant and equipment. The balance will be amortised based on the useful lives of respective property, plant and equipment from 5 to 12 years. RMB3,310,000 (six months ended 30 June 2022: RMB3,109,000) was released to profit or loss and recorded in other income in the current reporting period.

22. OTHER LONG-TERM PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Payable related to Dugongo (defined below) *(Note a)*	**903,274**	842,681
Payable for mining rights *(Note b)*	**316,360**	312,195
	1,219,634	1,154,876
Less: current portion (included in other payables)	**(291,497)**	(267,848)
	928,137	887,028

Notes:

(a) In 2020, the Group recorded RMB1,138,506,000 payables to the non-controlling shareholder of Moçambique Dugongo Cimentos, S.A. ("Dugongo"). In 2021, Dugongo signed a three-party debt transferring agreement with an independent third party and the non-controlling shareholder of Dugongo to transfer the full amount due to the non-controlling shareholder of Dugongo to the independent third party with repayment periods from 2023 to 2026. The payable is unsecured and bears interest of 4.64% per annum.

(b) According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in Shaanxi Province "陝西省礦業權出讓收益徵收管理實法" (the "Announcement"), an entity is required to pay a premium when acquiring the relevant exploration right or mining right. The balance represented the amount to be paid to the government in respect of such Announcement with repayments payable from 2022 to 2041 using a discount rate of 4.65% (31 December 2022: 4.65%) per annum.

23. SHARE CAPITAL

	Number of share	Share capital	
		Shown in the condensed consolidated financial statements	
	'000	GBP'000	RMB'000
Ordinary shares of 0.002 Great Britain Pound ("GBP") each			
Authorised:			
As at 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	10,000,000	20,000	
Issued and fully paid:			
Balance as at 1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	5,438,883	10,876	141,837

24. SHARE-BASED PAYMENTS

The Company's current share option scheme was adopted pursuant to a resolution of board of directors passed on 31 March 2010 for the primary purpose of providing incentives to directors and eligible employees through the subscription of the Company's shares.

On 23 March 2011, 22 March 2013, 24 March 2014 and 13 April 2015, the Company granted a total of 18,400,000, 34,000,000, 52,100,000 and 29,100,000 options, respectively, to directors, senior management and staff, and the estimated fair value of the four option issuances using the Black-Scholes option pricing model was approximately Hong Kong Dollars ("HK$") 1.04, HK$0.58, HK$0.41 and HK$0.56 at the respective grant date.

The share options granted are exercisable within a period of 10 years after the corresponding vesting periods (from 1 to 2 years) succeeding the specific grant date of each individual tranche under a particular issuance, subject to the fulfilment of certain non-market performance condition, for example, the share options of a specific tranche would vest if the growth in profit after tax of Group during the year ending on the vesting date (Year 1) equal or exceed 15% as compared to the previous financial year (Year 0). In the event when the growth is less than 15%, the share options will not be immediately forfeited and the vesting will delay until the compound growth in profit after tax of the Group in the following financial year (Year 2) equal or exceed 15% as compared to that of Year 0. Where profit after tax of the Group does not meet the growth requirements in both circumstances above, the share options of the said tranche will not vest.

No share options were exercised during the six months ended 30 June 2023 and 2022.

During the six months ended 30 June 2023, 10,050,000 share options (six months ended 30 June 2022: nil) were lapsed.

25. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**2,829,428**	3,283,378

26. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 30 September 2022, the Group entered into a sales and purchase agreement with an independent third party ("Seller") to acquire the remaining 50% equity interests in a joint venture 安康市柏城置業有限公司 Ankang Baicheng Real Estate Co., Ltd.* ("Baicheng Real Estate") at a total consideration of RMB10,000,000.

On 1 February 2023, the acquisition was completed and the Group obtained control over the operation of Baicheng Real Estate. After the acquisition, the Group owned 100% equity interests in Baicheng Real Estate. Baicheng Real Estate is principally engaged in real estate development and operation.

The Group elected to apply optional concentration test in accordance with IFRS 3 Business Combination and concluded that the properties under development were considered as a single identifiable asset. Subsequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired was concentrated in the single identifiable asset concluded that the acquired set of activities and assets was not a business.

The consideration of RMB10,000,000 is fully settled by the amount due from the Seller (included in loan receivables).

26. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Cont'd)

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	RMB'000
Assets	
Other receivables and prepayments	30,744
Properties under development	699,106
Property, plant and equipment	445
Restricted bank deposits	5,691
Bank balances and cash	4,485
Liabilities	
Borrowings from the Group	(516,004)
Amount due to the Group	(118,823)
Trade and other payables	(70,126)
Contract liabilities	(15,518)
Net assets acquired	20,000
Net assets acquired attributable to:	
— owners of the Company	20,000

* *The English name is for identification purpose only*

Cash inflow arising on acquisition of Baicheng Real Estate

	RMB'000
Cash and cash equivalents acquired	4,485

27. RELATED PARTY DISCLOSURES

The Group has paid or payable to the key management personnel for employee services. The key management includes directors (executive and non-executive) of the Company and senior management of the Group.

Key management compensation

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries and allowances	**5,554**	5,254
Retirement benefits	**60**	56
	5,614	5,310

28. ASSETS PLEDGED FOR SECURITY

At the end of each reporting period, certain assets of the Group were pledged to secure trade facilities and banking facilities granted to the Group. The aggregate carrying amount of the pledged assets at the end of each reporting period is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Property, plant and equipment	**3,868,873**	3,380,392
Properties under development	**516,000**	–
Trade receivables	**42,077**	75,773
Right-of-use assets	**101,026**	177,773
Pledged bank deposits	**330,004**	561,308
	4,857,980	4,195,246

During the period ended 30 June 2023, the Group pledged its equity interests in three subsidiaries, 貴州麟山水泥有限責任公司 Guizhou Linshan Cement Co., Ltd.*, 漢中勉縣堯柏水泥有限公司 Hanzhong Mianxian Yaobai Cement Co., Ltd.* and 商洛堯柏秀山水泥有限公司 Shangluo Yaobai Xiushan Cement Co., Ltd.*, to the bank to secure a banking facility totalling RMB150,000,000 for a period of one year which has already been drawn down as at 30 June 2023. The pledge will be released upon the repayment of the borrowing to the bank.

* *The English name is for identification purpose only*

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Except for equity investments at FVTPL, the Group does not hold any other financial instruments measured at fair value.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Name	**Fair value as at 30/06/2023 RMB'000 (Unaudited)**	31/12/2022 RMB'000 (Audited)	**Fair value hierarchy**	**Valuation techniques and key input(s)**
Equity investments at FVTPL	**60,180**	92,593	Level 1	Quoted bid price in an active market