

CONCH

Anhui Conch Cement Company Limited

(H Share: 00914, A Share: 600585)

ANNUAL REPORT 2023





Important

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management members of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the ninth meeting of the ninth session of the Board.
3. KPMG and KPMG Huazhen LLP issued a standard unqualified audit report for the Company.
4. Mr. Yang Jun, the officer-in-charge of the Company, Mr. Li Qunfeng, the officer-in-charge of the accounting function, and Mr. Fan Zhan, the officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are truthful, accurate and complete.
5. Annual profit distribution proposal for 2023 as considered by the ninth meeting of the ninth session of the Board of the Company: a cash dividend of RMB0.96 per share (tax inclusive). No capitalization of common reserve fund was made.
6. Declaration of risks with respect to the forward-looking statements: the Company's plans for 2024 concerning its capital expenditure, new production capacity and net sales targets as disclosed herein do not constitute any substantive commitment to investors. Investors and the public are advised to be cautious of the investment risks.
7. There was no appropriation of the Company's funds for non-operating purpose by the controlling shareholders of the Company and its related parties.
8. No external guarantee was provided in violation of the established decision-making procedures.
9. There does not exist the situation that more than half of the Directors of the Company being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
10. Material risk alert: the Company has disclosed in chapter 3 of this report the policy risk, environmental protection regulation risk and energy price fluctuation risk that the Company may face in 2024. Investors are reminded to read it carefully.

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



1. Definitions

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

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the board of directors of the Company
Director(s)	:	the director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Remuneration and Nomination Committee	:	the remuneration and nomination committee of the Board
Audit Committee	:	the audit committee of the Board
ESG Management Committee	:	the Environmental, Social and Governance (ESG) Management Committee of the Board
Conch Holdings	:	Anhui Conch Holdings Company Limited
Conch New Material	:	Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd. (formerly known as Wuhu Conch Profiles and Science Co., Ltd.), a company listed on the SZSE (stock code: 000619)
Conch Environment Protection	:	China Conch Environment Protection Holdings Limited, a company listed on the Stock Exchange (stock code: 0587)



1. Definitions

Conch Tech Innovation Material	:	Anhui Conch Technology Innovation Material Co., Ltd (formerly known as Anhui Conch Investment Company Limited)
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.
Conch IT Engineering	:	Anhui Conch Information Technology Engineering Co., Ltd.
Conch Technology	:	Anhui Conch Material Technology Company Limited (formerly known as Anhui Conch New Materials Technology Company Limited)
Conch Capital	:	Anhui Conch Capital Management Company Limited
Conch Accelerants Manufacturing Company	:	Anhui Conch Accelerants Manufacturing Engineering Technology Company Limited
Conch Environment Group	:	Anhui Conch Environment Protection Group Co., Ltd.
Anhui Haizhong Environmental	:	Anhui Haizhong Environmental Protection Company Limited
Conch Venture Enterprise	:	Wuhu Conch Venture Enterprise Limited
Anhui Conch Venture Group	:	Anhui Conch Venture Group Co., Ltd. (formerly known as Anhui Conch Venture Investment Co., Ltd.)
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch New Energy	:	Anhui Conch New Energy Co., Ltd.
Haihui Company	:	Anhui Haihui Supply Chain Technology Co., Ltd.



1. Definitions

Haitong Capital	:	Haitong Capital Co., Ltd.
Wuhu Industrial Investment	:	Wuhu Industrial Investment Fund Company Limited
High New Fund	:	Wuhu High New Industrial Development Fund Company Limited
Zhenye Investment	:	Wuhu Jinghu Zhenye Investment Fund Company Limited
Ningbo Shangyi	:	Ningbo Shangyi Software Company Limited
Goldstone Investment	:	Goldstone Investment Co., Ltd.
CITIC Private Equity	:	CITIC Private Equity Fund Management Company Limited
CITIC City West LP	:	CITIC City West Science and Innovation Corridor (Hangzhou) Equity Investment Fund Partnership (Limited Partnership)
Anhui Expressway	:	Anhui Expressway Company Limited, a company listed on both the SSE (stock code: 600012) and the Stock Exchange (stock code: 0995)
Goldstone Runze LP	:	Goldstone Runze (Zibo) Investment Consultation Partnership (Limited Partnership)
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Company Limited
Baoshan Conch	:	Baoshan Conch Cement Co., Ltd.
Bengbu Conch	:	Bengbu Conch Cement Co., Ltd.
Changfeng Conch	:	Anhui Changfeng Conch Cement Co., Ltd.



1. Definitions

Chizhou Conch	:	Anhui Chizhou Conch Cement Co., Ltd.
Huainan Conch	:	Huainan Conch Cement Co., Ltd.
Huaining Conch	:	Anhui Huaining Conch Cement Co., Ltd.
Phnom Penh Conch	:	Conch KT Cement (Phnom Penh) Company Limited
Linxia Conch	:	Linxia Conch Cement Co., Ltd.
Green Quarry Company	:	Zhaoqing Trading Green Quarry Co., Ltd.
Ningguo Cement Plant	:	Ningguo Cement Plant of Anhui Conch Cement Company Limited
South Kalimantan Conch	:	PT Conch South Kalimantan Cement
Qingxin Cement	:	Guangdong Qingxin Cement Co., Ltd.
Quanjiao Conch	:	Quanjiao Conch Cement Co., Ltd.
Shangfeng Friendship Company	:	Shangfeng Bridge of Friendship Co., Ltd.
Shuicheng Conch	:	Shuicheng Conch Panjiang Cement Co., Ltd.
Shuangfeng Construction Materials	:	Shuangfeng Conch Green Construction Materials Co., Ltd.
Tashkent Conch	:	Tashkent Conch Cement Joint Venture Co., Ltd.
Wuhu Conch	:	Wuhu Conch Cement Co., Ltd.
Wuhu Construction Technology	:	Wuhu Conch Green Construction Technology Co., Ltd.
Papua Cement	:	PT SDIC Papua Cement Indonesia



1. Definitions

Prosperity Conch	:	Prosperity Conch Cement Co., Ltd.
Indonesia Conch	:	PT Conch Cement Indonesia
China Cement Plant	:	China Cement Plant Co., Ltd.
Zhuhai Haizhong	:	Zhuhai Haizhong Trading Co., Ltd.
Zongyang Conch	:	Anhui Zongyang Conch Cement Co., Ltd.
Zunyi Conch	:	Zunyi Conch Panjiang Cement Co., Ltd.
Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Yatai Group	:	Jilin Yatai (Group) Co., Ltd., a company listed on the SSE (stock code: 600881)
Huaxin Cement	:	Huaxin Cement Co., Ltd., a company listed on both the SSE (stock code: 600801) and the Stock Exchange (stock code: 6655)
Shangfeng Cement	:	Gansu Shangfeng Cement Co., Ltd., a company listed on the SZSE (stock code: 000672)
Tianshan Cement	:	Xinjiang Tianshan Cement Co., Ltd., a company listed on the SZSE (stock code: 000877)
West Construction	:	China West Construction Group Co., Ltd., a company listed on the SZSE (stock code: 002302)



1. Definitions

Regional Committee(s)	:	management unit(s) specially established by organizing certain subsidiaries located in a particular province or neighboring areas into a regional management unit for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency
Reporting Period	:	the period from 1 January 2023 to 31 December 2023
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	the Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	:	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the HKSE Listing Rules
SSE	:	Shanghai Stock Exchange
SSE Listing Rules	:	the Rules Governing the Listing of Stocks on the SSE
SZSE	:	Shenzhen Stock Exchange
A Shares	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Shares	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars



1. Definitions

clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission
SASAC of the State Council	:	State-owned Assets Supervision and Administration Commission of the State Council
Articles	:	Articles of Association of the Company





2. Corporate Profile and Major Financial Indicators

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



2. Corporate Profile and Major Financial Indicators

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



2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

Items	2023	2022	2021	2020	2019
Net operating revenue	140,999,428	132,021,554	167,959,693	176,296,544	157,082,759
Net profit attributable to equity shareholders of the Company	10,689,181	15,860,553	33,301,181	35,193,521	33,640,459
Total assets	246,189,200	243,976,422	230,555,682	201,883,873	179,466,160
Total liabilities	48,278,835	48,067,537	38,816,795	33,392,893	36,991,282

2. Corporate Profile and Major Financial Indicators

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

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

Table 1:

Items	(Unit: RMB'000)			
	2023	2022	Change in the current year over the previous year (%)	2021
Revenue	140,999,428	132,021,554	6.80	167,959,693
Profit before taxation	13,600,466	20,014,665	-32.05	44,113,682
Net profit attributable to equity shareholders of the Company	10,430,138	15,660,750	-33.40	33,267,557
Net profit after extraordinary items attributable to equity shareholders of the Company	9,966,358	15,035,746	-33.72	31,375,335
Basic earnings per share (RMB/share)	1.97	2.96	-33.39	6.28
Diluted earnings per share (RMB/share)	1.97	2.96	-33.39	6.28
Basic earnings per share after extraordinary items (RMB/share)	1.88	2.84	-33.70	5.92
Diluted return on net assets (%)	5.63	8.53	Decreased by 2.90 percentage points	18.11
Weighted average return on net assets (%)	5.65	8.50	Decreased by 2.85 percentage points	19.23
Diluted return on net assets after extraordinary items (%)	5.38	8.19	Decreased by 2.81 percentage points	17.08
Weighted average return on net assets after extraordinary items (%)	5.40	8.16	Decreased by 2.76 percentage points	18.13
Net cash flow generated from operating activities	20,105,564	9,649,268	108.36	33,895,232
Net cash flow per share generated from operating activities (RMB/share)	3.79	1.82	108.40	6.40

2. Corporate Profile and Major Financial Indicators

Table 2:

(Unit: RMB'000)

Items	As at 31 December 2023	As at 31 December 2022	Increase or decrease at the end of this year over the end of the previous year (%)	As at 31 December 2021
Total assets	246,189,200	243,976,422	0.91	230,555,682
Net assets attributable to equity shareholders of the Company	185,321,083	183,638,725	0.92	183,709,396
Net assets per share attributable to equity shareholders of the Company (RMB/share)	35.07	34.65	1.20	34.67



2. Corporate Profile and Major Financial Indicators

2. Major financial data for 2023 by quarter

(Unit: RMB'000)

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	31,368,454	34,067,853	33,607,074	41,956,047
Net profit attributable to equity shareholders of the Company	2,550,606	3,917,865	2,203,694	1,757,973
Net profit after extraordinary items attributable to equity shareholders of the Company	2,155,135	4,003,359	1,998,556	1,809,308
Net cash flow generated from operating activities	3,094,318	1,983,110	4,623,723	10,404,413



2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

Extraordinary gains and losses items	2023	2022	2021
(1) Gains/losses from disposal of non-current assets, including the written-off portion of the provision for impairment of assets	-105,245	-19,286	57,738
(2) Government subsidy (excluding government subsidy closely associated with the enterprise's normal business, granted in accordance with the State's policy and based on certain standards, and with a continuing effect on the gains and losses of the enterprise) included in the current income statement	619,380	693,176	900,815
(3) Gains/losses on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and gains and losses on disposal of financial assets and financial liabilities, excluding effective hedging business associated with the Company's normal business	-106,168	-268,751	665,124

2. Corporate Profile and Major Financial Indicators

Extraordinary gains and losses items	(Unit: RMB'000)		
	2023	2022	2021
(4) Entrusted fee income obtained from entrusted operation	20,786	20,557	31,684
(5) Charges on share of funds received from non-financial enterprises included in the current income statement	-	-	-
(6) Gains/losses from external entrusted loans	2,239	13,007	26,682
(7) Gains arising from the excess of the Group's share of the fair values of the investees' identifiable net assets over the investment costs for acquisition of the subsidiaries, associates and joint ventures	-	12,102	90,981
(8) Gains/losses on entrusted investment or asset management	142,596	404,865	669,916
(9) Other non-operating income and expenses other than the above items	31,024	-45,603	61,849
(10) Net gains and losses of subsidiaries formed through business combination under common control from the beginning of the period to the date of merger attributable to the current period	-	-3,499	39,539
(11) Effect of extraordinary items on income tax	-129,317	-169,261	-614,111
(12) Effect of extraordinary items on minority interests (after tax)	-11,515	-12,303	-37,994
Total	463,780	625,004	1,892,223



2. Corporate Profile and Major Financial Indicators

4. Items measured at fair value

(Unit: RMB'000)

Items	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Changes during the Reporting Period	Impact on the profit for the current period
Financial assets at fair value through profit or loss	11,756,221	2,210,733	-9,545,488	-206,116
Investments in other equity instruments	2,325,186	1,348,011	-977,175	-
Financing of receivables	2,762,318	1,889,012	-873,306	-
Financial liabilities at fair value through profit or loss	-	-	-	-



2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

	Net profit attributable to parent company		Equity attributable to equity shareholders of parent company	
	1 January to 31 December 2023 (Audited)	1 January to 31 December 2022 (Audited)	31 December 2023 (Audited)	31 December 2022 (Audited)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	10,430,138	15,660,750	185,321,083	183,638,725
– Items not subject to “China Accounting Standards for Business Enterprises No.16 – Government Subsidy” in accordance with IFRSs	24,545	31,718	-51,546	-76,093
– Difference arising from implementation of “China Accounting Standards for Business Enterprises Interpretation No. 3”	234,498	168,085	–	–
As reported in accordance with IFRSs	10,689,181	15,860,553	185,269,537	183,562,632



the Ceremony for the Ignition of the Low-carbon Volume Reduction Project of Shuicheng Conch

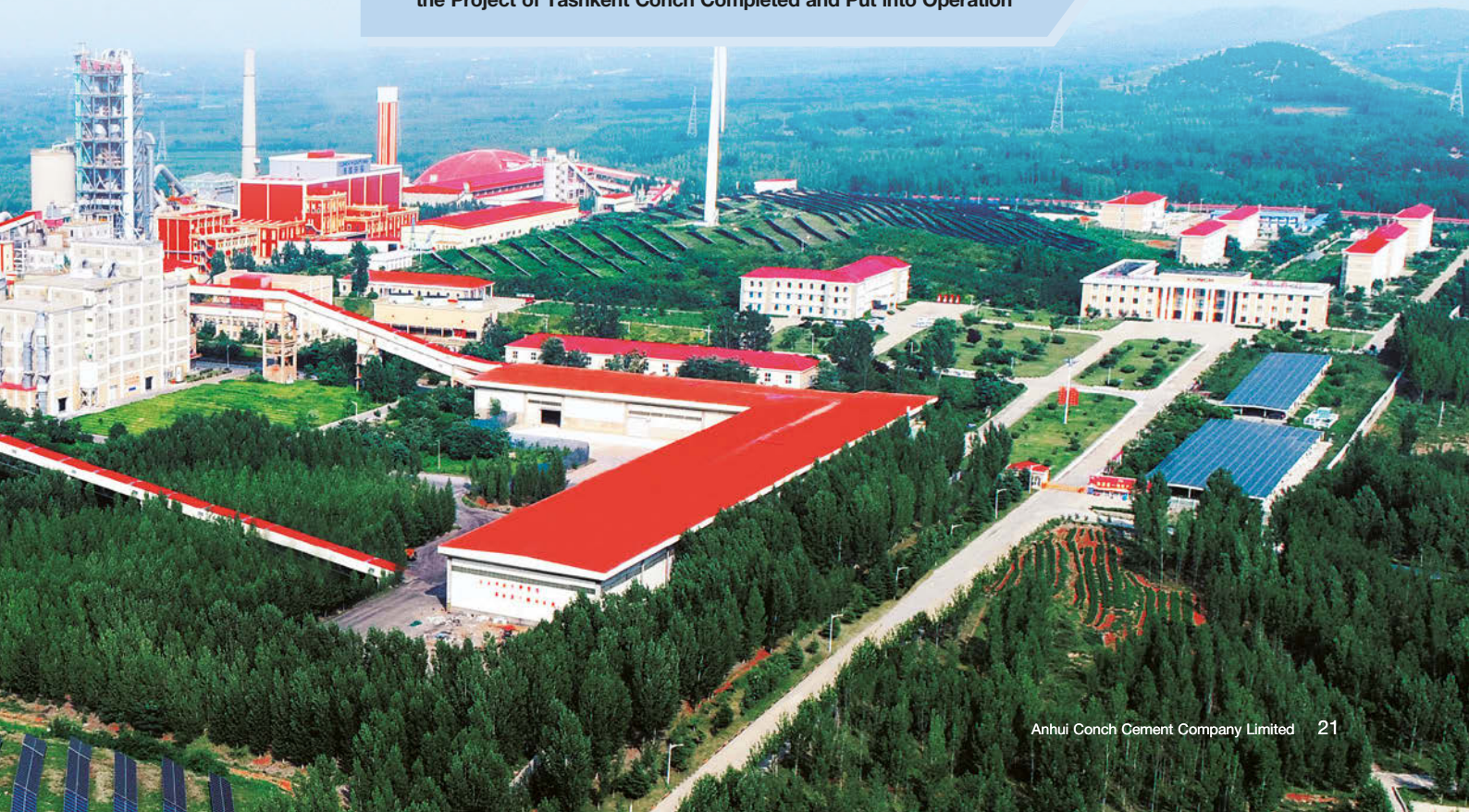




the Ceremony for the Ignition of
the Second Phase Project of Qingxin Cement



the Project of Tashkent Conch Completed and Put into Operation





3. Management Discussion and Analysis

(1) OVERVIEW OF THE CEMENT INDUSTRY

In 2023, the national economy rebounded and improved, infrastructure investment maintained steady growth, but the real estate industry entered a stage of deep adjustment. On a comparable basis, the national investment in fixed assets increased by 3.0% year-on-year, infrastructure investment increased by 5.9% year-on-year, and real estate investment decreased by 9.6% year-on-year. The downturn in the real estate market dragged down cement demand, and the national cement production in 2023 was 2,023 million tonnes, representing a decrease of 0.7% year-on-year, being the lowest level in the same period over the past 12 years. Despite insufficient demand in the cement market, the total production capacity remained at a high level, and the contradiction between supply and demand further intensified, with cement prices dropping sharply year-on-year and showing an overall trend of high at first and low afterwards as well as fluctuating adjustment. Influenced by factors such as high coal prices and increasing pressure of environmental protection and reduction of consumption, cement production costs remained high, and the industry's efficiency continued to decline. *(Data source: National Bureau of Statistics, Digital Cement)*

(2) INTRODUCTION OF THE MAIN BUSINESS OF THE COMPANY

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

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

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



3. Management Discussion and Analysis

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

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

During the Reporting Period, through its continuous efforts in enhancing regional market operation, the Group boosted technological innovation, speeded up the promotion of the wider application of the results of the digital and intelligent technology such as digitalised intelligent mine system, intelligent quality control system and automatic vehicle loading robots system and increased its devotion in environmental protection in a safe manner. The Group also pushed forward green low-carbon development, so as to further consolidate and improve its competitive advantages, and persistently strengthen the core competitiveness of the Group.





3. Management Discussion and Analysis

(4) MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 2023

1. Overview of operation development

In 2023, the Group actively responded to the complex and difficult industry situation, strived to overcome the impact of unfavourable factors such as the intensified industry downturn and insufficient effective market demand. Focusing on operational objectives, the Group implemented precise strategies according to the then prevailing situation to stabilise the market share of its products. Based on the principle of “direct supply-oriented, multiple and complementary, and stability and efficiency”, the Group enhanced cost control level by ways such as consolidating strategic cooperation, expanding direct supply resources, accelerating the use of alternative fuels, and strictly controlling consumption indicators. The Group also coordinated green development and innovative research and development, pushed forward energy-saving and consumption-reduction technological improvements in an orderly manner, accelerated the transformation and application of the results of intelligent construction, and continued to promote high-quality development.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group’s revenue amounted to RMB140,999 million, representing an increase of 6.80% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB10,430 million, representing a decrease of 33.40% from that for the corresponding period of the previous year; and earnings per share were RMB1.97, representing a decrease of RMB0.99 per share from that for the corresponding period of the previous year. During the Reporting Period, in accordance with the IFRSs, revenue amounted to RMB140,999 million, representing an increase of 6.80% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB10,689 million, representing a decrease of 32.61% from that for the corresponding period of the previous year; and earnings per share were RMB2.02, representing a decrease of RMB0.97 per share from that for the corresponding period of the previous year.



3. Management Discussion and Analysis

During the Reporting Period, the Group actively promoted the construction and development of projects, and continued to strengthen and optimize its core cement business and actively extended the industrial chain. As for core cement business, the low-carbon volume reduction project of Shuicheng Conch in Guizhou, the second phase project of Qingxin Cement in Guangdong and the project of Tashkent Conch in Uzbekistan were successfully completed and put into operation, and the construction of cement and clinker production line projects of Phnom Penh Conch in Cambodia and Shangfeng Friendship Company in Uzbekistan are progressing in an orderly manner. As for the extension of industry chain, 12 aggregate projects including Wuhu Construction Technology and Shuangfeng Construction Materials were put in operation smoothly, and 14 operating commodity concrete projects were newly added through new construction, merger and acquisitions, and leasing in a proactive manner.

During the Reporting Period, the Group increased the production capacity of clinker, cement, aggregates, and commodity concrete by 3.50 million tonnes, 7.05 million tonnes, 40.70 million tonnes and 14.30 million cubic meters, respectively, and the capacity of photovoltaic storage power generator by 67 MW. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 272 million tonnes, 395 million tonnes, 149 million tonnes and 39.80 million cubic meters respectively, and the capacity of photovoltaic power generation and power storage in operation amounted to 542 MW.

3. Management Discussion and Analysis

2. Major operational information during the Reporting Period

(1) Analysis of revenue and cost

Principal activities by industry, product, region and sales model

Industry	Principal activities by industry			Increase or decrease in operating revenue over the previous year (%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
Building material industry (sale of self-produced products)	84,051,343	62,436,061	25.72	-11.41	-7.69	Decreased by 2.99 percentage points
Building material industry (trading business)	2,355,664	2,339,285	0.70	-73.27	-73.37	Increased by 0.38 percentage point

3. Management Discussion and Analysis

Product	Principal activities by product			Increase or decrease in operating revenue over the previous year (%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
Building material industry (sale of self-produced products) – 42.5-grade cement ^{Note 1}	60,917,206	45,549,352	25.23	-12.21	-8.28	Decreased by 3.20 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	10,275,782	7,158,872	30.33	-11.24	-12.72	Increased by 1.18 percentage points
Building material industry (sale of self-produced products) – Clinker	6,740,512	5,725,101	15.06	-31.74	-22.10	Decreased by 10.51 percentage points
Building material industry (sale of self-produced products) – Aggregates and manufactured sand	3,864,297	1,997,178	48.32	73.32	125.60	Decreased by 11.98 percentage points
Building material industry (sale of self-produced products) – Commodity concrete	2,253,546	2,005,558	11.00	24.71	29.91	Decreased by 3.56 percentage points
Building material industry (trading business)	2,355,664	2,339,285	0.70	-73.27	-73.37	Increased by 0.38 percentage point

3. Management Discussion and Analysis

Region	Principal activities by region			Increase or decrease in operating revenue over the previous year (%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)			
Building material industry (sale of self-produced products) - East China ^{Note 2}	22,619,812	17,390,807	23.12	-13.26	-6.12	Decreased by 5.85 percentage points
Building material industry (sale of self-produced products) - Central China ^{Note 3}	27,582,529	20,338,096	26.26	-11.30	-6.65	Decreased by 3.67 percentage points
Building material industry (sale of self-produced products) - South China ^{Note 4}	15,065,857	10,964,305	27.22	-11.48	-11.29	Decreased by 0.16 percentage point
Building material industry (sale of self-produced products) - West China ^{Note 5}	13,884,793	10,304,607	25.78	-16.33	-13.92	Decreased by 2.08 percentage points
Building material industry (sale of self-produced products) - Export	227,711	173,550	23.78	92.53	79.85	Increased by 5.37 percentage points
Building material industry (sale of self-produced products) - Overseas	4,670,641	3,264,696	30.10	17.75	12.51	Increased by 3.25 percentage points
Building material industry (trading business)	2,355,664	2,339,285	0.70	-73.27	-73.37	Increased by 0.38 percentage point

3. Management Discussion and Analysis

Sales model	Principal activities by sales model					
	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the previous year	Increase or decrease in operating cost over the previous year	Increase or decrease in gross profit margin over the previous year
				(%)	(%)	(%)
Building material industry – Direct sale	49,511,215	35,755,991	27.78	-15.49	-14.16	Decreased by 1.12 percentage points
Building material industry – Distribution	36,895,792	29,019,355	21.35	-18.20	-16.55	Decreased by 1.55 percentage points

- Notes:
1. 42.5-grade cement includes cement of grade 42.5 and above;
 2. East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong, etc;
 3. Central China mainly includes Anhui, Jiangxi and Hunan, etc;
 4. South China mainly includes Guangdong, Guangxi and Hainan;
 5. West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi, Xinjiang and Inner Mongolia, etc.



3. Management Discussion and Analysis

Sales by industry

During the Reporting Period, the Group's aggregate net sales volume of cement and clinker amounted to 293 million tonnes, representing a year-on-year decrease of 5.60%. Revenue generated from principal activities amounted to RMB86,407 million, representing a year-on-year decrease of 16.67%. Operating cost decreased by 15.24% on a year-on-year basis to RMB64,775 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 1.26 percentage points to 25.03%.

The Group's sales volume of self-produced cement and clinker products amounted to 285 million tonnes, representing a year-on-year increase of 0.72%. Sales revenue from self-produced products amounted to RMB84,051 million, representing a year-on-year decrease of 11.41%. Cost of sales of self-produced products decreased by 7.69% year-on-year to RMB62,436 million. The consolidated gross profit margin of self-produced products recorded a year-on-year decrease of 2.99 percentage points to 25.72%.

During the Reporting Period, the Group achieved a sales volume of 7.54 million tonnes for its cement and clinker trading business, representing a year-on-year decrease of 72.00%. Revenue from trading business amounted to RMB2,356 million, representing a year-on-year decrease of 73.27%. Cost of trading business decreased by 73.37% year-on-year to RMB2,339 million.

Sales by product

During the Reporting Period, gross profit margin of the Group's 42.5-grade cement and clinker decreased by 1.35 percentage points and 8.60 percentage points year-on-year, respectively, and the gross profit margin of the 32.5-grade cement increased by 2.66 percentage points year-on-year. Among which, the gross profit margin of the Group's self-produced 42.5-grade cement and clinker decreased by 3.20 percentage points, 10.51 percentage points, respectively, and the gross profit margin of 32.5-grade cement increased by 1.18 percentage points year-on-year. The consolidated gross profit margin of aggregates and manufactured sand decreased by 11.98 percentage points year-on-year to 48.32%; the consolidated gross profit margin of commodity concrete was 11.00%, representing a year-on-year decrease of 3.56 percentage points.



3. Management Discussion and Analysis

Sales by region

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

In East China and South China regions, due to the decreases in selling prices of products, sales amount decreased by 13.26% and 11.48% year-on-year respectively and gross profit margin decreased by 5.85 percentage points and 0.16 percentage point year-on-year respectively.

In Central China and West China regions, due to the decreases in sales volume and selling prices of products, sales amount decreased by 11.30% and 16.33% year-on-year respectively and gross profit margin decreased by 3.67 percentage points and 2.08 percentage points year-on-year respectively.

During the Reporting Period, the Group's export sales volume increased by 117.83% year-on-year and sales amount rose by 92.53% year-on-year. With the continuous improvement of sales market network for overseas projects, overseas project companies recorded year-on-year increases of 13.91% and 17.75% in sales volume and sales amount respectively.

Sales by sales model

During the Reporting Period, the Group's direct sales amount decreased by 15.49% year-on-year and the distribution amount decreased by 18.20% year-on-year; cost of direct sales decreased by 14.16% year-on-year and the distribution cost decreased by 16.55% year-on-year; the consolidated gross profit margin of products through direct sales and that of products through distribution decreased by 1.12 percentage points and decreased by 1.55 percentage points year-on-year respectively.

3. Management Discussion and Analysis

(2) Profit analysis

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

Items	Amount		Increase or decrease for the Reporting Period over the same period of the previous year (%)
	2023 (RMB'000)	2022 (RMB'000)	
Revenue	140,999,428	132,021,554	6.80
Revenue from principal activities	86,407,007	103,687,399	-16.67
Profit from operations	13,137,766	19,473,672	-32.54
Profit before taxation	13,600,466	20,014,665	-32.05
Net profit attributable to equity shareholders of the Company	10,430,138	15,660,750	-33.40

During the Reporting Period, revenue rose by 6.80% year-on-year, mainly attributable to an increase in revenue from non-principal business; the increase in revenue from non-principal business was due to a year-on-year increase in revenue from trading business as the Group fully leveraged the supply and distribution channels of bulk materials to serve its customers; due to the year-on-year decrease in selling prices of products, the Group's revenue from principal activities, profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded year-on-year decreases of 16.67%, 32.54%, 32.05% and 33.40% respectively.

3. Management Discussion and Analysis

(3) Analysis of costs and expenses

Consolidated costs of cement and clinker for 2023 and their year-on-year changes

Items	2023		2022		Change in costs (%)	Change in proportion of costs (percentage points)
	Unit costs (RMB/tonne)	Proportion (%)	Unit costs (RMB/tonne)	Proportion (%)		
Raw materials	39.18	19.12	40.52	17.59	-3.31	1.53
Fuel and power	119.71	58.40	144.54	62.73	-17.18	-4.33
Depreciation expense	14.96	7.30	14.00	6.08	6.86	1.22
Labor cost	12.56	6.13	13.08	5.68	-3.98	0.45
Others	18.56	9.05	18.26	7.92	1.64	1.13
Total	204.97	100	230.40	100	-11.04	-

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

During the Reporting Period, the Company's consolidated costs of self-produced cement and clinker products decreased by 11.04% year-on-year, which was mainly due to the decreases in coal procurement price and coal consumption.

3. Management Discussion and Analysis

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

Expenses for the period	Amount for 2023 (RMB'000)	Amount for 2022 (RMB'000)	Increase or decrease for the Reporting Period over the same period of the previous year (%)	Proportion over the revenue from principal activities for the Reporting Period (%)	Proportion over the revenue from principal activities for the previous year (%)	Increase or decrease in the proportion over the revenue from principal activities (percentage points)
Selling expenses	3,423,656	3,327,494	2.89	3.96	3.21	0.75
Administrative expenses	5,651,516	5,561,331	1.62	6.54	5.36	1.18
Research and development expenses	1,859,553	2,011,317	-7.55	2.15	1.94	0.21
Financial expenses (income is stated in negative)	-1,119,179	-1,651,198	32.22	-1.30	-1.59	0.29
Total	9,815,546	9,248,944	6.13	11.36	8.92	2.44

During the Reporting Period, the Group's financial expenses (net income) decreased by 32.22% year-on-year, which was mainly due to the decline in market interest rates for deposits and the increase in interest expenses on borrowings for overseas projects.

During the Reporting Period, the Group's selling expenses, administrative expenses, research and development expenses and financial expenses together accounted for 11.36% of the revenue generated from principal activities, representing an increase of 2.44 percentage points year-on-year. Excluding the impact of revenue from trading business, the Group's selling expenses, administrative expenses, research and development expenses and financial expenses together accounted for 11.68% of the revenue generated from principal activities, representing an increase of 1.93 percentage points year-on-year.

3. Management Discussion and Analysis

(4) Financial position

Asset and liability position

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

Items	As at 31 December 2023 (RMB'000)	As a	As at 31 December 2022 (RMB'000)	As a	Increase or decrease in amounts as at the end of the Reporting Period from that at the end of the previous year (%)
		percentage of total assets as at the end of the Reporting Period (%)		percentage of total assets as at the end of the previous year (%)	
Cash at bank and on hand	68,361,599	27.77	57,865,704	23.72	18.14
Financial assets held for trading	2,210,733	0.90	10,754,921	4.41	-79.44
Accounts receivable	4,398,854	1.79	5,637,338	2.31	-21.97
Advance payment	2,403,782	0.98	3,003,021	1.23	-19.95
Inventories	10,100,346	4.10	11,678,995	4.79	-13.52
Long-term equity investments	7,765,192	3.15	6,792,655	2.78	14.32
Investments in other equity instruments	1,348,011	0.55	2,325,186	0.95	-42.03
Other non-current financial assets	0.00	0.00	1,001,300	0.41	-100.00
Fixed assets	85,564,697	34.76	81,181,917	33.27	5.40
Construction in progress	10,842,088	4.40	8,387,067	3.44	29.27
Intangible assets	32,379,660	13.15	32,038,331	13.13	1.07
Right-of-use assets	339,896	0.14	146,229	0.06	132.44
Total assets	246,189,200	100.00	243,976,422	100.00	0.91
Lease liabilities	198,018	0.08	56,049	0.02	253.29
Short-term borrowings	4,479,559	1.82	10,037,364	4.11	-55.37
Notes payable	269,939	0.11	211,695	0.09	27.51
Wages payables	1,512,588	0.61	1,639,167	0.67	-7.72
Taxes payables	2,297,513	0.93	2,135,264	0.88	7.60
Contract liabilities	2,887,907	1.17	3,576,719	1.47	-19.26
Other payables	9,046,434	3.67	8,836,616	3.62	2.37
Long-term borrowings	15,611,937	6.34	9,688,651	3.97	61.14
Total liabilities	48,220,472	19.59	47,982,828	19.67	0.50
Total liabilities and equity	246,189,200	100	243,976,422	100	0.91



3. Management Discussion and Analysis

As at the end of the Reporting Period, the Group's balance of financial assets held for trading decreased by 79.44% as compared to that at the end of the previous year, which was mainly due to recovery upon maturity of structured deposits and wealth management products during the Reporting Period; balance of investments in other equity instruments decreased by 42.03% as compared to that at the end of the previous year, which was mainly due to fluctuation of the prices of shares held by the Group during the Reporting Period; the balance of other non-current financial assets decreased by 100.00% as compared to that at the end of the previous year, which was mainly due to reclassification of accounting items based on the maturity period for long-term wealth management products with maturity within one year; balance of construction in progress increased by 29.27% as compared to that at the end of the previous year, which was mainly attributable to the increase in the investment of ongoing construction of cement production lines and aggregate projects during the Reporting Period; the balance of right-of-use assets and lease liabilities increased by 132.44% and 253.29%, respectively, as compared to those at the end of the previous year, mainly due to the new leasing of part of the buildings during the Reporting Period; the balance of short-term borrowings decreased by 55.37% as compared to that at the end of the previous year, which was mainly due to the repayment of matured bank borrowings; the balance of long-term borrowings increased by 61.14% as compared to that at the end of the previous year, which was mainly due to the increase of bank borrowings of certain subsidiaries for operation and development needs. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to





3. Management Discussion and Analysis

RMB246,189 million, representing an increase of 0.91% as compared to that at the end of the previous year. Total liabilities amounted to RMB48,220 million, representing an increase of 0.50% as compared to that at the end of the previous year. As at 31 December 2023, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 19.59%, representing a decrease of 0.08 percentage point as compared to that at the end of the previous year.

Please refer to note 14 to the financial report prepared in accordance with the PRC Accounting Standards for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB185,321 million, representing an increase of 0.92% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB12,648 million, representing an increase of 2.37% as compared to that at the end of the previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB35.07.





3. Management Discussion and Analysis

As at 31 December 2023, total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB101,096 million and RMB29,660 million respectively, with a current ratio of 3.41:1 (end of last year: 2.98: 1). The increase in current ratio as compared to that at the end of the previous year was mainly due to the decrease in balances of current liabilities items such as short term borrowings. Total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB101,347 million and RMB29,660 million respectively, with a net gearing ratio of 0.064 (end of last year: 0.034). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group amounted to RMB19,156 million, representing 7.78% of the total assets.

During the Reporting Period, subsidiaries of the Company had pledged intangible assets and fixed assets with a book value of approximately RMB1,257 million and RMB80.3478 million as security for borrowings from financial institutions. As at the end of the Reporting Period, the aforesaid pledged assets had not been discharged.

Save for the above-mentioned pledged assets, no other assets of the Group were distressed, seized, frozen, charged or pledged or could only be realized upon satisfaction of certain conditions or cannot be realized or used to settle debts, nor did there exist any circumstance or arrangement under which the right to occupy, use, gain from and dispose of assets were subject to other restrictions.

3. Management Discussion and Analysis

Liquidity and source of funds

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

	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Due within 1 year	7,249,965	12,300,541
Due after 1 year but within 2 years	3,040,107	2,158,813
Due after 2 years but within 5 years	10,459,630	6,400,622
Due after 5 years	2,112,200	1,129,216
Total	22,861,902	21,989,192

As at the end of the Reporting Period, balance of the Group's bank borrowings was RMB22,862 million, representing an increase of RMB873 million as compared to that at the beginning of the year. The increase was mainly attributable to the increase of bank borrowings of certain subsidiaries of the Company for operation and development needs during the Reporting Period. Please refer to note 10 to the financial report prepared in accordance with the PRC Accounting Standards for information on borrowings bearing fixed interest rate.

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

3. Management Discussion and Analysis

Analysis of cash flow

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

	2023 (RMB'000)	2022 (RMB'000)	Changes (%)
Net cash flow generated from operating activities	20,105,564	9,649,268	108.36
Net cash flow generated from investing activities	-19,307,017	-5,280,634	-265.62
Net cash flow generated from financing activities	-5,436,202	-5,723,457	5.02
Effect of exchange rate movement on cash and cash equivalents	30,642	115,709	-73.52
Net increase in cash and cash equivalents	-4,607,014	-1,239,114	-271.80
Balance of cash and cash equivalents at the beginning of the year	16,158,423	17,397,537	-7.12
Balance of cash and cash equivalents at the end of the year	11,551,409	16,158,423	-28.51

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB20,106 million, representing a year-on-year increase of RMB10,456 million. Such increase was mainly due to the decrease in bills receivables, trade receivables, inventories and prepayments as compared with the beginning of the year through the optimization of the Group's asset structure and the improvement of the level of asset liquidity during the Reporting Period.

3. Management Discussion and Analysis

During the Reporting Period, the Group's net cash outflows from investing activities increased by RMB14,026 million from that for the corresponding period of the previous year, mainly due to the year-on-year decrease in the recovery of wealth management and deposit products of the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB287 million as compared to that for the corresponding period of last year, primarily attributable to the year-on-year decrease in dividends from listed companies during the Reporting Period.

3. Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB19,510 million, which was primarily used in the investment in the construction of projects.

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

	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Authorized and contracted for	11,795,057	11,301,286
Authorized but not contracted for	6,592,351	7,254,772
Total	18,387,408	18,556,058



3. Management Discussion and Analysis

OUTLOOK FOR 2024

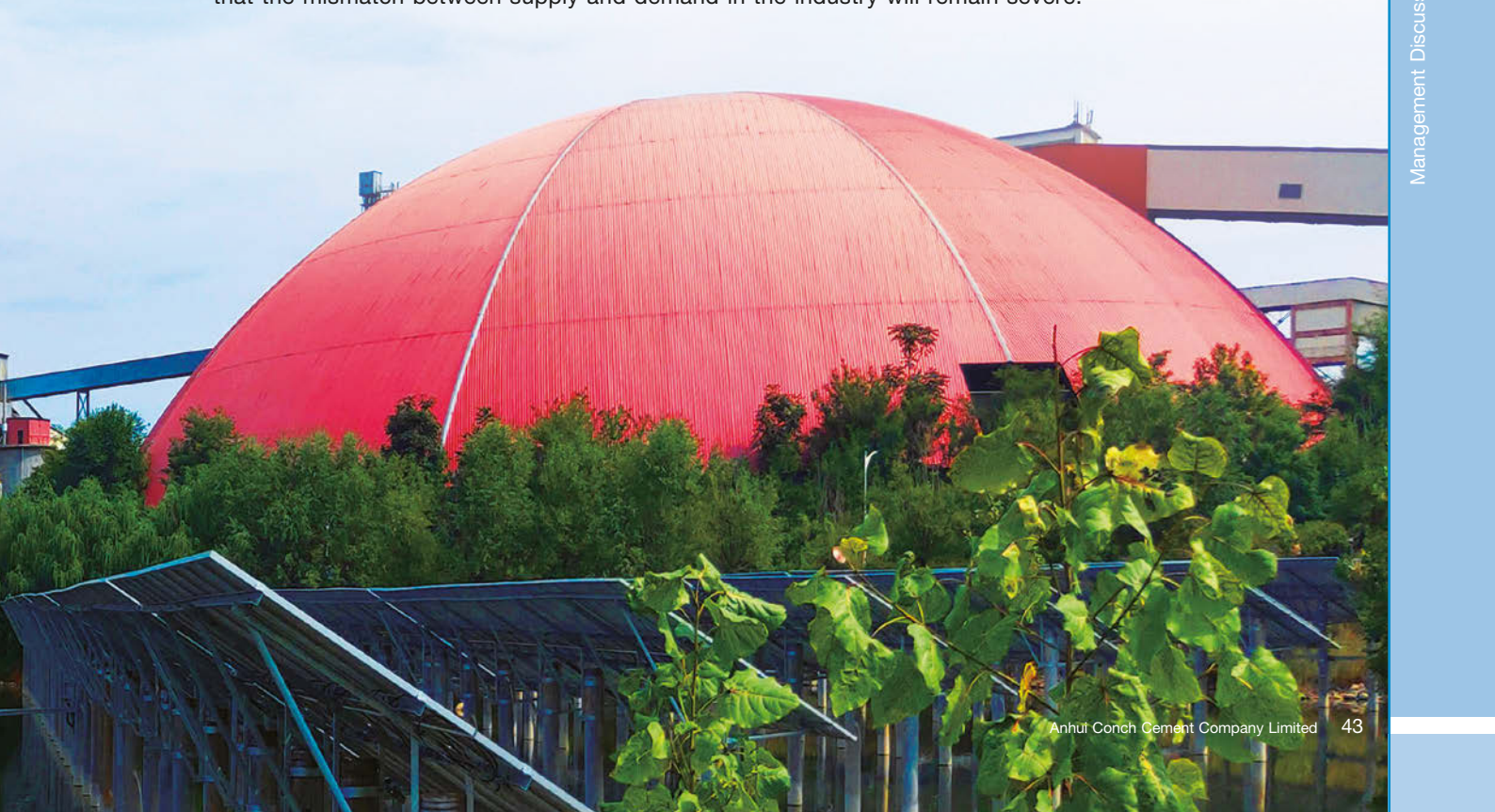
The year 2024 is a critical year for the implementation of the “14th Five-Year Plan”. Adhering to the main theme of “making progress while maintaining stability”, the central government will carry through the new development concept in a complete, accurate and comprehensive manner by accelerating the formation of a new development pattern. The government will focus on promoting high-quality development, strengthening the adjustments of counter-cyclical and cross-cyclical macro policy, appropriately intensifying efforts to implement proactive fiscal policies to increase their quality and effectiveness, and putting into effect sound monetary policies in a flexible, moderate, precise and effective manner. It will strengthen the innovation and coordination of policy tools, effectively enhance economic vitality and prevent and mitigate risks, so as to consolidate and strengthen the upward trend of economic recovery and continue to drive the economy to achieve effective improvement in quality and reasonable growth in quantity.





3. Management Discussion and Analysis

In 2024, the State will actively expand effective investments, reasonably expand the scope of special bond by local government as capital, accelerate making up for shortcomings in weak economic and social areas, and promote the construction of major infrastructure projects, such as energy resources, water conservancy and transportation and the construction of new types of infrastructure. In addition, the issue of additional treasury bonds of RMB1 trillion in 2023 has been completed, which is hoped to promptly generate tangible work output. It is expected that infrastructure construction will remain an important support for cement demand. Although the adjustment trend of the real estate market has not changed, which may continue to drag down the demand for cement, the State will proactively and steadily resolve risks in relation to real estate, and support the reasonable financing needs of the industry as well as project development and construction. It will adhere to the implementation of different policies in different cities, one policy for one city, and precise measures to meet rigid and for-improvement housing needs, and continue to work hard to ensure the delivery of properties and secure people's livelihood and stability by accelerating the construction of affordable housing, the construction of public infrastructure for "dual normal and emergency use" and the transformation of urban villages, and creating a new model for real estate development, so as to facilitate stability of the real estate industry. The nation's "dual carbon" strategic policy system continues to improve, and the policy of promoting ultra-low emission in the cement industry has been formally put into practice. Staggered production in the cement industry will continue to be normalized, which is conducive to resolving the excess production capacity and accelerating the elimination of outdated production capacity. However, against the backdrop of insufficient demand, regular measures such as staggered production play a limited role in improving the supply and demand relationship. It is expected that the mismatch between supply and demand in the industry will remain severe.





3. Management Discussion and Analysis

In terms of investment development, the Group will insist on effective investments, continue to strengthen its core cement business as well as upstream and downstream industrial chains, and cultivate drivers for high quality development. The Group will seize the opportunity brought by the deep market restructuring and proactively look for high-quality merger and acquisition targets to further improve the layout of the cement market and production capacity and to enhance its competitiveness and control in the market. It will make every effort to put forward the growth in scale and capacity utilization of the aggregate business, and unswervingly promote the layout of the commodity concrete business to create new profit growth points. It will promote the integrated and synergistic development of wind, solar and water storage and other multi-energy-resources as well as power sources, grid, load and storage, with an aim to speed up the expansion, optimization and consolidation of the environmental protection business, and to increase the quality and efficiency of the digital industry. The Group will steadily push forward its overseas development, refine the market layout of invested countries, steadily boost the development of untapped international markets, and ensure that the projects under construction will be put into production as scheduled, as well as enhance the quality of overseas project operation.

In 2024, it is planned that the Group's capital expenditure will amount to RMB15,200 million, mainly sourced from its own funds, which will be primarily used for project construction, technological improvements on energy conservation and environmental protection, as well as merger and acquisition project. It is estimated that the Group will increase annual production capacity of clinker, cement, aggregates and commodity concrete by 3.90 million tonnes, 8.40 million tonnes, 25.50 million tonnes and 7.20 million cubic meters, respectively.



3. Management Discussion and Analysis

In terms of business management, the Group will pay close attention to the international and domestic macroeconomic situation and enhance the lean management level. The Group will strengthen its study and judgment on market supply and demand conditions and market coordination, insist on the effective utilization of the production capacity, expand volume and increase sales on the basis of stabilizing its market share. The Group aims to execute a good combination of marketing model, brand promotion, and delivery services to enhance the market competitiveness of products. It will construct an economical and green material supply system, deepen the strategic cooperation with major coal enterprises to expand the direct supply cooperation model. At the same time, the Group will steadily promote the use of alternative fuels, and reasonably grasp the rhythm of changes in the raw material and fuel markets to achieve comprehensive reduction of procurement cost. Besides, the Group will adhere to the implementation of the national decisions and strategy on the construction of ecological civilization and green and low-carbon development by continuously increasing investments in research and development of energy conservation and emission reduction, pollution and carbon reduction, promoting the upgrading and transformation of comprehensive energy efficiency in production lines, vigorously putting forward the ultra-low emission transformation, and accelerating the use of new energy equipment alternatives. It will insist on enhancing intelligent manufacturing, and speeding up iterative upgrading of expert systems and the promotion and application of digital and intelligent technology achievements to enable the improvement of the Company's operation management efficiency and optimization of production indicators. In addition, the Group will pool its training resources, push ahead with the enhancement of its staff, and continue to optimize its incentive mechanism, so as to provide a guarantee of strong talent for the Company's high-quality development.

In 2024, the Group plans to achieve the annual net sales volume of cement and clinker (excluding trading volume) of 299 million tonnes, while the cost per tonne of products and the expense per tonne of products are expected to remain relatively stable.

In 2024, there are three main risk factors that the Group may face:

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

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



3. Management Discussion and Analysis

2. The State will work actively and stably toward the goals of reaching peak carbon emissions and carbon neutrality, continue to deepen its efforts to secure a blue sky, unpolluted water, and clean soil, and promote the implementation of the ultra-low emission policy in the cement industry. It is estimated that the production and operation costs of enterprises will increase while achieving the green, low-carbon and sustainable development.

In view of the above risk, the Group will carefully study and carry through the national environmental protection policies, continuously increase investment in energy conservation and emission reduction by implementing high-standard SCR denitrification and wet desulfurization technological modifications, formulating medium to long-term carbon emission reduction routes, strengthening research on cutting-edge technologies of environmental protection. The Group will also vigorously develop emerging industries such as new energy and environmental protection to promote the green, low-carbon and recycling transformation and development of the Group.

3. The cement industry is an energy-dependent industry, in which the costs of coal and electricity account for a relatively high proportion in clinker production costs. High coal price has become the norm. Where the coal price increases significantly again due to factors such as policy change or market supply and demand relationship, the production cost of the Group will be pushed up. If the cost increase caused thereby cannot be fully passed on to the product price, it will further compress the profit margin of the Company.

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



4. Report of the Directors

(1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

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

- (1) In January 2023, Conch New Energy, a wholly-owned subsidiary of the Company, and China Coal Xinji Energy Co., Ltd. (hereinafter referred to as “Xinji Energy”) jointly invested in and established Conch Zhongxin Mingguang New Energy Co., Ltd. with a registered capital of RMB410 million, of which each of Conch New Energy and Xinji Energy contributed RMB205 million respectively, each accounting for 50% of its registered capital.
- (2) In January 2023, Conch New Energy and Xinji Energy jointly invested in and established Xinji Mingguang New Energy Co., Ltd. with a registered capital of RMB410 million, of which Conch New Energy contributed RMB200.9 million, accounting for 49% of its registered capital, and Xinji Energy contributed RMB209.1 million, accounting for 51% of its registered capital.
- (3) In March 2023, the Company invested in and established Tongling Conch Environment Technology Co., Ltd. with a registered capital of RMB100 million, and the Company holds 100% of its equity interest.
- (4) In May 2023, Ganzhou Conch Cement Co., Ltd. (hereinafter referred to as “Ganzhou Conch”), a majority-owned subsidiary of the Company, invested in and established Longnan Conch Cement Co., Ltd. with a registered capital of RMB20 million, and Ganzhou Conch holds 100% of its equity interest.
- (5) In May 2023, the Company invested in and established Rugao Conch New Materials Co., Ltd. with a registered capital of RMB30 million, and the Company holds 100% of its equity interest.



4. Report of the Directors

- (6) In June 2023, Conch New Energy invested in and established Laibin Conch New Energy Co., Ltd. with a registered capital of RMB4.28 million, and Conch New Energy holds 100% of its equity interest.
- (7) In July 2023, the Company invested in and established Nantong Tongzhou Conch New Materials Co., Ltd. with a registered capital of RMB30 million, and the Company holds 100% of its equity interest.
- (8) In July 2023, the Company invested in and established Zhangjiagang Conch New Building Materials Co., Ltd. with a registered capital of RMB30 million, and the Company holds 100% of its equity interest.
- (9) In July 2023, the Company invested in and established Conch (Jiangsu) Holding Co., Ltd. with a registered capital of RMB100 million, and the Company holds 100% of its equity interest.
- (10) In July 2023, the Company invested in and established Anhui Conch Finance Services Co., Ltd. with a registered capital of RMB50 million, and the Company holds 100% of its equity interest.



4. Report of the Directors

- (11) In October 2023, Conch (Hefei) Holding Co., Ltd. (hereinafter referred to as “Hefei Holding Company”), a wholly-owned subsidiary of the Company, and Chengyuan Port Group Co., Ltd. (hereinafter referred to as “Chengyuan Port Group”) jointly invested in and established Bengbu Conch Building Materials Co., Ltd. with a registered capital of RMB150 million, of which Hefei Holding Company contributed RMB105 million, accounting for 70% of its registered capital, and Chengyuan Port Group contributed RMB45 million, accounting for 30% of its registered capital.
- (12) In November 2023, Anhui Digang Conch Cement Co., Ltd. (hereinafter referred to as “Digang Conch”), a wholly-owned subsidiary of the Company, and Wuhu Jiuzi Energy Co., Ltd. (hereinafter referred to as “Jiuzi Energy”) jointly invested in and established Wuhu Jiuzi Conch New Energy Co., Ltd. with a registered capital of RMB11.4 million, of which Digang Conch contributed RMB5.586 million, accounting for 49% of its registered capital, and Jiuzi Energy contributed RMB5.814 million, accounting for 51% of its registered capital.
- (13) In November 2023, Jiande Conch Cement Co., Ltd. (hereinafter referred to “Jiande Conch”), a wholly-owned subsidiary of the Company, and Jiande Urban Construction Development and Investment Co., Ltd. (hereinafter referred to as “Jiande Urban Investment”) jointly invested in and established Jiande Haicheng New Materials Co., Ltd. with a registered capital of RMB50 million, of which Jiande Conch contributed RMB24.5 million, accounting for 49% of its registered capital, and Jiande Urban Investment contributed RMB25.5 million, accounting for 51% of its registered capital.
- (14) In December 2023, Conch New Energy and Anhui Tonghua International Trade Group Co., Ltd. (hereinafter referred to as “Tonghua International Trade”) jointly invested in and established Tongling Conch Tonghua New Energy Co., Ltd. with a registered capital of RMB50 million, of which Conch New Energy contributed RMB25.5 million, accounting for 51% of its registered capital, and Tonghua International Trade contributed RMB24.5 million, accounting for 49% of its registered capital.



4. Report of the Directors

- (15) During the Reporting Period, the Company completed the deregistration of nine companies, namely, Taicang Conch New Energy Co., Ltd., Linxia Conch New Energy Co., Ltd., Jinxian Conch New Energy Co., Ltd., Baoshan Conch New Energy Co., Ltd., Suzhou Conch Golden Garden Farm Co., Ltd., Shandong Haizhong Trading Co., Ltd., Bozhou Haizhong Trading Co., Ltd., Zhejiang Ningbo Haizhong Trading Co., Ltd. and Guangxi Laibin Haizhong Cement Co., Ltd. Deregistration of these companies will not have adverse impact on the production, operation and the operating results of the Company as a whole.

2. Acquisition of project companies during the Reporting Period

- (1) In December 2022, Shuangfeng Conch Cement Co., Ltd. (hereinafter referred to as “Shuangfeng Conch”), a wholly-owned subsidiary of the Company, entered into the Equity Acquisition Agreement of Shaodong Panshi Concrete Co., Ltd., with natural person shareholders Long Xia and Sun Qimin, for the acquisition of an aggregate of 100% equity interests held by them in Shaodong Panshi Concrete Co., Ltd. (hereinafter referred to as “Shaodong Panshi”). Shaodong Panshi has a registered capital of RMB25 million and has completed the change of business registration in January 2023.
- (2) In March 2023, the Company acquired 15% equity interest in Shuicheng Conch, a majority-owned subsidiary of the Company, from Guizhou Xinsheng Coal Chemical Industry Co., Ltd. through public bidding. After completion of this equity transfer, the Company and Guizhou Energy Group Co., Limited (hereinafter referred to as “Guizhou Energy”) hold 70% and 30% equity interest of Shuicheng Conch, respectively. In April 2023, Shuicheng Conch completed the change of relevant business registration.

After completion of the above-mentioned equity transfer, the Company made an additional capital injection of RMB292.40 million to Shuicheng Conch, while Guizhou Energy did not participate in this capital increase. Upon completion of the capital increase, Shuicheng Conch has a registered capital of RMB800 million, of which the Company contributed RMB647.72 million. As stipulated in the articles of association of Shuicheng Conch, the Company held 87.22% of its equity interest.



4. Report of the Directors

- (3) Anhui Conch Engineering Machinery Technology Co., Ltd. (hereinafter referred to as “Conch Machinery Company”) was jointly invested and established by Anhui Tongling Conch Cement Co., Ltd. (hereinafter referred to as “Tongling Conch”, a wholly-owned subsidiary of the Company), Anhui Komatsu Engineering Machinery Co., Ltd. (hereinafter referred to as “Anhui Komatsu”) and Hefei Rijian Engineering Machinery Co., Ltd. (hereinafter referred to as “Hefei Rijian”) in July 2022, with the registered capital of RMB40 million at the time of its establishment, of which Tongling Conch contributed RMB26 million, accounting for 65% of its registered capital; Anhui Komatsu contributed RMB10 million, accounting for 25% of its registered capital; and Hefei Rijian contributed RMB4 million, accounting for 10% of its registered capital.

In June 2023, Anhui Komatsu transferred its registered capital of RMB4.8 million in Conch Machinery Company to Tongling Conch. After the transfer of registered capital, the registered capital of Conch Machinery Company remains unchanged, the capital contribution made by Tongling Conch increased to RMB30.80 million, representing 77% of the total equity interest; the capital contribution made by Anhui Komatsu reduced to RMB5.20 million, representing 13% of the total equity interest; and the capital contribution amount and equity interest of Hefei Rijian remain unchanged.

- (4) In September 2023, Guangdong Yinglong Conch Logistics Co., Ltd. (hereinafter referred to as “Yinglong Logistics”), a wholly-owned subsidiary of the Company, acquired the 49% equity interest of Guangdong Conch Hongfeng Cement Co., Ltd. (hereinafter referred to as “Conch Hongfeng”) from Guangdong Hongfa Investment Group Co., Ltd. (hereinafter referred to as “Hongfa Group”). Upon completion of this equity transfer, the Company and Yinglong Logistics held 51% and 49% equity interests of Conch Hongfeng, respectively.



4. Report of the Directors

3. Subsidiaries with capital increase during the Reporting Period

- (1) Haihui Company was jointly invested and established by the Company, Conch New Material, Conch IT Engineering and Beijing Huitong Tianxia IOT Technology Co., Ltd. (“Beijing Huitong”) with registered capital of RMB20 million at its establishment, of which the Company contributed RMB10 million, accounting for 50% of its registered capital; Conch New Material contributed RMB4 million, accounting for 20% of its registered capital; Conch IT Engineering contributed RMB2 million, accounting for 10% of its registered capital; and Beijing Huitong contributed RMB4 million, accounting for 20% of its registered capital.

During the Reporting Period, the Company and other shareholders of Haihui Company made additional capital contribution to Haihui Company at an aggregate amount of RMB130 million, of which, the Company increased its capital contribution of RMB88.40 million and its equity proportion became 65.6% after the capital increase; Conch New Material increased its capital contribution of RMB26 million and its equity proportion remained at 20% after the capital increase; Conch IT Engineering increased its capital contribution of RMB13 million and its equity proportion remained at 10% after the capital increase; and Beijing Huitong increased its capital contribution of RMB2.6 million and its equity proportion became 4.4% after the capital increase. After such capital increase, the registered capital of Haihui Company became RMB150 million.

- (2) During the Reporting Period, the Company made additional capital contribution of RMB40 million to Zhuhai Haizhong, a wholly-owned subsidiary of the Company. After such capital increase, the registered capital of Zhuhai Haizhong becomes RMB50 million, and the Company’s equity interest remains unchanged.
- (3) Nantong Conch Concrete Co., Ltd. (hereinafter referred to as “Nantong Concrete”) was jointly invested and established by the Company and Jiangsu Haiyi Holdings Group Co., Ltd. (hereinafter referred to as “Haiyi Holdings”), its registered capital was RMB50 million at the time of establishment, of which 70% was held by the Company and 30% was held by Haiyi Holdings. During the Reporting Period, the Company and Haiyi Holdings made additional capital contribution to Nantong Concrete, of which the Company increased its capital contribution of RMB7 million, and Haiyi Holdings increased its capital contribution of RMB3 million. After such capital increase, the registered capital of Nantong Concrete becomes RMB60 million, and equity interests of both parties remain unchanged.



4. Report of the Directors

- (4) Fenyi Conch Construction Materials Co., Ltd. (hereinafter referred to as “Fenyi Construction Materials”) was jointly invested and established by the Company and Fenyi Urban Construction Investment and Development Co., Ltd. (hereinafter referred to as “Fenyi Urban Investment”), its registered capital was RMB300 million at the time of establishment, of which 90% and 10% were held by the Company and Fenyi Urban Investment, respectively. During the Reporting Period, the Company made an additional capital contribution of RMB700 million to Fenyi Construction Materials, while Fenyi Urban Investment did not participate in this capital increase. Upon completion of the capital increase, the registered capital of Fenyi Construction Materials was RMB1,000 million, of which the Company contributed RMB970 million. Pursuant to the articles of association of Fenyi Construction Materials, the Company held 97.51% of its equity interest.
- (5) In July 2023, Zhuhai Haizhong transferred its 11% equity interest in Green Quarry Company to Zhaoqing Jiahua Building Materials Co., Ltd. (hereinafter referred to as “Jiahua Building Materials”) by way of public tender. At the same time, Guangzhou Beiheng Building Materials Co., Ltd. (hereinafter referred to as “Beiheng Building Materials”) transferred its 21% equity interest in Green Quarry Company to Jiahua Building Materials. Upon completion of these equity transfers, Zhuhai Haizhong, Jiahua Building Materials, Beiheng Building Materials and natural person shareholder Long Yongquan held 51%, 32%, 16% and 1% equity interests of Green Quarry Company, respectively. In order to safeguard the subsequent infrastructure investment and normal operation of Green Quarry Company, Zhuhai Haizhong and other shareholders of Green Quarry Company made additional capital contribution to Green Quarry Company in September 2023. Upon completion of the capital increase, the registered capital of Green Quarry Company changed from RMB417.0526 million to RMB1,500 million, of which RMB765 million, RMB480 million, RMB240.7572 million and 14.2428 million were contributed by Zhuhai Haizhong, Jiahua Building Materials, Beiheng Building Materials and natural person shareholder Long Yongquan, respectively, and the shareholding proportions of relevant parties remain unchanged.
- (6) During the Reporting Period, Conch New Energy made additional capital contribution of RMB118 million to Pingliang Conch New Energy Co., Ltd. (hereinafter referred to as “Pingliang New Energy”), a wholly-owned subsidiary of Conch New Energy. After such capital increase, the registered capital of Pingliang New Energy becomes RMB125 million, and the equity interest of Conch New Energy therein remains unchanged.

Note: Companies established, deregistered, acquired and whose capital contribution amount was increased during the Reporting Period do not include project companies of Conch Environment Protection.

4. Report of the Directors

4. Investment in securities

As at the end of the Reporting Period, the Group's investments in securities were set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of shareholding at the beginning of the Reporting Period	Percentage of shareholding at the end of the Reporting Period	Carrying amount at the beginning of the Reporting Period (RMB)	Gain or loss on changes in the fair value during the Reporting Period (RMB)	Accumulated changes in the fair value recognized in equity (RMB)	Amount purchased during the Reporting Period (including distributed) (RMB)	Amount sold during the Reporting Period (including distribution) (RMB)	Investment gain or loss recognized during the Reporting Period (RMB)	Carrying amount at the end of the Reporting Period (RMB)
			(%)	(%)							
2233	WCC	1,960,606,127	29.80	29.80	3,559,955,049	0	0	0	0	142,080,700	3,600,011,502
0587	Conch Environment Protection	2,786,537,918	20.00	21.21	834,312,119	0	0	39,103,260	0	0	873,415,379
600881	Yatai Group	520,559,731	5.31	5.31	413,869,656	-77,600,561	0	0	0	0	336,269,095
600318	Xinli Finance	32,441,180	5.08	5.08	176,237,594	0	6,778,369	0	0	0	183,015,963
0586	Conch Venture	1,923,031,472	4.94	4.94	1,356,071,472	0	-830,438,462	0	0	32,841,519	525,633,010
6655	Huaxin Cement	1,146,289,177	4.43	4.43	721,100,855	0	-153,515,182	0	0	42,991,230	567,585,673
000672	Shangfeng Cement	178,166,549	1.21	1.21	125,568,017	-30,804,139	0	0	0	4,115,057	94,763,878
000877	Tianshan Cement	999,999,999	0.86	0.86	631,111,111	-136,296,296	0	0	0	20,000,000	494,814,815
Total		9,547,632,153	-	-	7,818,225,873	-244,700,996	-977,175,275	39,103,260	0	242,028,506	6,675,509,315

Notes:

- Xinli Finance, Conch Venture and Huaxin Cement held by the Group were included in "investments in other equity instruments", Conch Environment Protection and WCC held by the Group were included in "long-term equity investments" and Yatai Group, Shangfeng Cement and Tianshan Cement held by the Group were included in "financial assets held for trading".
- The funds utilized by the Group for the above securities investments were mainly its own funds.



4. Report of the Directors

On 21 December 2021, the Company and West Construction entered into the Conditional Stock Subscription Agreement and the Conditional Strategic Cooperation Agreement for the proposed subscription for shares of West Construction by way of non-public placing. The Company intended to subscribe for 251,444,577 A shares of West Construction (the final number of shares to be subscribed for shall be subject to the approval of the CSRC) at a cash consideration of RMB1,760,112,039. For details, please refer to the announcement in relation to proposed subscription for A shares of China West Construction Group Co., Ltd. by way of non-public placing (Provisional 2021-48) published by the Company on the website of the SSE on 22 December 2021.

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

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

According to the provisional announcement No. 9 published by West Construction in 2024, the CSRC has approved the application by West Construction for issuance of shares to target subscribers.

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



4. Report of the Directors

5. Major investments during the Reporting Period

During the Reporting Period, the Company did not have major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Company during the Reporting Period, please refer to the paragraph headed “1. Overview of operation development” under the section headed “(4) Management Discussion and Analysis on the Operations – Analysis on the Operational Conditions for 2023” in Chapter 3 “Management Discussion and Analysis” in this report as well as item 16 under note 5 to the financial statements prepared in accordance with the PRC Accounting Standards.

6. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 477 subsidiaries, 13 jointly-controlled entities, and invested in 8 associates and 3 partnerships. For details, please refer to notes 17, 18 and 19 to the financial statements prepared by the Company in accordance with the IFRSs.

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

7. Cooperation and Investment with Private Equity Fund

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



4. Report of the Directors

In 2022, in order to give full play to the enthusiasm of the team of Industrial Investment Fund, CNBM (Anhui) Management Company and the core management members of the team jointly invested in and established Hefei Weiyu Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Hefei Weiyu”). CNBM (Anhui) Management Company and Hefei Weiyu entered into the Agreement on Transfer of the General Partner Shares of CNBM (Anhui) New Materials Industrial Investment Fund Partnership (Limited Partnership), according to which CNBM (Anhui) Management Company transferred its general partner shares of RMB15 million to Hefei Weiyu at a price of RMB4.5 million (corresponding to the committed capital contribution of RMB15 million and the paid-in capital contribution of RMB4.5 million). After completion of the above transfer, Hefei Weiyu was admitted to the Industrial Investment Fund as a limited partner after consideration and approval by the partners’ meeting of Industrial Investment Fund. After the change of partners of the Industrial Investment Fund, the partners re-signed the Partnership Agreement of CNBM (Anhui) New Materials Industrial Investment Fund Partnership (Limited Partnership).

During the Reporting Period, the registration procedures for corporate change in relation to the admission of Hefei Weiyu to the Industrial Investment Fund, and the change procedures for filing of private funds with the Asset Management Association of China have been completed. As of the date of this report, the Industrial Investment Fund has completed the first phase of fundraising of RMB15 billion, of which the Company has made actual paid-in capital contribution amount of RMB1.6 billion. For details, please refer to the provisional announcements No. 26, 29, 37 and 47 as disclosed by the Company on the website of SSE in 2021, the provisional announcement No. 1 published by the Company on the website of SSE in January 2023 and the provisional announcement No. 8 published by the Company on the website of SSE in January 2024.



4. Report of the Directors

- (2) In June 2023, the Company (as a limited partner) jointly invested in Anhui Conch Haitong Industrial Internet Master Fund Partnership (Limited Partnership) (hereinafter referred to as “Industrial Internet Master Fund”) with one general partner (namely, Haitong Capital) and five other limited partners (namely, Conch Capital, Wuhu Industrial Investment, High New Fund, Zhenye Investment and Ningbo Shangyi), with a total capital contribution amount of RMB5 billion, of which RMB1.5 billion shall be contributed by the Company. The partnership will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company. The Industrial Internet Master Fund has a term of 11 years (which may be extended for a total period of up to 2 years) and its business scope includes engaging in activities such as equity investment, investment management and asset management as a private fund. The primary mode of investment is setting up new sub-funds with other partners or investing in established sub-funds, with a focus on projects with strong growth potential within the “Industrial Internet+” ecological platform, including intelligent manufacturing, industrial platforms, industrial software, industrial supply chains, industrial application solutions, industrial Internet hardware, blockchain, cloud computing, Internet of Things, artificial intelligence, 5G and other fields.

During the Reporting Period, the Industrial Internet Master Fund has completed the registration procedures of the changes of partners and registered capital with the State Administration for Market Regulation, and the filing of private equity funds with the Asset Management Association of China. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 6 June 2023 and 26 June 2023, and the announcements published by the Company on the website of the SSE on 7 June 2023, 27 June 2023 and 28 September 2023, respectively.



4. Report of the Directors

- (3) In September 2023, the Company (as a limited partner) jointly invested in Anhui Conch Goldstone Innovation Development Investment Fund Partnership (Limited Partnership) (hereinafter referred to as the “Innovation Development Investment Fund”) with two general partners (namely, Goldstone Investment and CITIC Private Equity) and five other limited partners (namely, Conch Capital, Wuhu Industrial Investment, CITIC City West LP, Anhui Expressway and Goldstone Runze LP), with a total capital contribution amount of RMB5 billion, of which RMB1 billion shall be contributed by the Company. The partnership will not be accounted for as a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company. The Innovation Development Investment Fund has a term of eight years (which may be extended for a total period of up to 2 years) and its business scope includes engaging in activities such as equity investment, investment management and asset management as a private equity fund. The scope of its investment mainly covers strategic emerging industries and high-tech industries, including new energies, new materials, carbon technology, digital industry, green environmental protection and intelligent transportation.

During the Reporting Period, the Innovation Development Investment Fund has completed the registration procedures of the changes of partners and registered capital with the State Administration for Market Regulation, and the filing of private equity funds with the Asset Management Association of China. For details, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 8 September 2023, and the announcements published on the website of the SSE on 9 September 2023 and 8 November 2023, respectively.

The Company will fulfill information disclosure obligation on a timely basis in strict accordance with the SSE Listing Rules, the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 5 – Transactions and Related Party Transactions (《上海證券交易所上市公司自律監管指引第5號—交易與關聯交易》) and other relevant requirements according to the subsequent progress of the Industrial Investment Fund, the Industrial Internet Master Fund and the Innovation Development Investment Fund.

4. Report of the Directors

(2) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 3 November 2023, in order to safeguard the value of the Company and the interests of the shareholders of the Company, the Board considered and approved the Resolution on the Plan of Repurchase of A Shares of the Company through Centralized Price Bidding (hereinafter referred to as the “Repurchase”). Pursuant to the Repurchase plan, the total amount of funds for the Repurchase shall be no less than RMB400 million and no more than RMB600 million and the upper limit of the price for the Repurchase shall be RMB32.30 per share, the period for the Repurchase shall be three months from the date on which the Board considered and approved the Repurchase plan. The repurchased shares will be sold through centralized price bidding in accordance with relevant laws, regulations and normative documents. If the Company fails to complete the sale of the repurchased shares within three years after completion of the Repurchase, the unsold portion will be cancelled after complying with the relevant legal procedures. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 3 November 2023, and on the website of the SSE on 4 November 2023, respectively.

On 20 November 2023, the Company commenced implementing the Repurchase. As at 31 December 2023, the Company has repurchased 15,065,000 A Shares, representing 0.28% of the Company’s total share capital as of the date of this report and the total amount paid was RMB339,160,423.64 (excluding transaction fees). As at the date of this report, the Company has completed the Repurchase and has repurchased 22,242,535 A Shares in total, the said repurchased shares have not been sold or cancelled.

The monthly report on the repurchase of A Shares by the Company during the Reporting Period through centralized price bidding under the trading system of the SSE is as follows:

Month	Number of shares repurchased	Highest price per share	Lowest price per share	Total payment amount
	(shares)	(RMB)	(RMB)	(RMB, excluding transaction fees)
November 2023	5,652,700	23.89	22.96	132,289,314.00
December 2023	9,412,300	22.90	21.35	206,871,109.64

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company.



4. Report of the Directors

(3) PROFIT APPROPRIATION POLICY AND ITS IMPLEMENTATION

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

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

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

During the Reporting Period, the Company executed the profit distribution proposal for the year 2022 which was approved at the 2022 annual general meeting of the Company. Based on the total number of issued shares of 5,299,302,579 shares as at 31 December 2022, a final cash dividend of RMB1.48 (tax inclusive) per share was paid to all the shareholders of the Company, totaling RMB7,842,967,816.92 (tax inclusive). In June 2023, the above dividend was paid to all the shareholders whose names were recorded in the register of members on the relevant record date. The announcement regarding the implementation of the aforesaid dividend distribution was published on the SSE website, Shanghai Securities Journal and Securities Times on 13 June 2023, as well as the websites of the Stock Exchange and the Company on 12 June 2023 respectively.



4. Report of the Directors

2. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 2023 amounted to RMB10,430.14 million and RMB10,689.18 million respectively. The Board proposed the appropriation of the profit for the year ended 31 December 2023 as follows:

- (1) Pursuant to the requirements of the Articles, the Company shall appropriate 10% of the realized profit after tax for the year to the statutory surplus reserve, provided that no further appropriation is required when the accumulated appropriated amount for statutory surplus reserve exceeds 50% of the registered capital of the Company. As the amount of the Company's statutory surplus reserve has reached 50% of the registered capital of the Company, no appropriation was made for the year 2023.
- (2) The payment of a final dividend of RMB0.96 per share (tax inclusive) is proposed. In accordance with relevant provisions of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 7 – Repurchase of Shares (《上海證券交易所上市公司自律監管指引第7號—回購股份》), the A Shares in the Company's designated securities account for repurchase are not entitled to profit distribution rights, and the amount of the Company's repurchase of A Shares in cash in 2023 shall be deemed as the amount of the cash dividend. Based on the Company's total number of issued shares of 5,299,302,579 shares as at the date of this report less 22,242,535 A Shares in the Company's designated securities account for the repurchase, the total final dividend payment will be RMB5,065.98 million (tax inclusive), representing 48.57% of the net profit attributable to ordinary shareholders of the Company as reported in the combined statements for the year 2023. For the year 2023, the total amount of funds paid by the Company in relation to the repurchase of A Shares was RMB339.16 million (excluding transaction fees), which, together with the total amount of final dividend payment shall be RMB5,405.14 million, accounting for 51.82% of the net profit attributable to ordinary shareholders of the Company as reported in the consolidated statement of accounts for year 2023.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the 2023 annual general meeting.

Except for the above profit appropriation proposal, the Company did not implement the capitalization of capital reserve fund in 2023.



4. Report of the Directors

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2023.

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

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

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



4. Report of the Directors

Pursuant to the Notice on Issues relating to Collecting Individual Income Tax after Repealing the Document of Guoshuifa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) promulgated by the State Administration of Taxation and the letter entitled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the Stock Exchange, overseas resident individual holders of the shares issued in Hong Kong by domestic non-foreign invested enterprises are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties entered into between the countries where they reside and China and the tax arrangements between the Mainland China and Hong Kong (Macau). The Company shall determine the identity of individual holders of H Shares whose names appear on the H Shares register of members of the Company on 12 June 2024 (Wednesday) based on their registered addresses. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements. The relevant arrangements are detailed as follows:

- (1) For individual holders of H Shares who are Hong Kong or Macau residents and whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of dividend.
- (2) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of less than 10%, shareholders shall determine by themselves whether they are eligible to the treaty benefits. Those who wish to enjoy treaty benefits shall submit to the Company the information required under the Announcement of the State Administration of Taxation published in relation to the Administrative Measures on Stipulated Treatment Entitled by Non-residents Tax Payers (Guo Shui Zong [2019] No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國稅總[2019]35號) before 21 June 2024. If the information is considered to be true and complete upon review, the Company will withhold and pay individual income tax at the treaty tax rate on behalf of the individual holders of H Shares. Otherwise, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares. Shareholders who are entitled to but have not enjoyed the treaty treatment and overpay taxes as a result thereof may, by themselves or through the Company, apply to competent tax authorities for the refund of overpaid taxes within the time limit stipulated in the tax levying related laws.



4. Report of the Directors

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

(4) CHARITABLE DONATIONS

During the Reporting Period, the Company donated RMB500,000 in cash to the “Anhui Future Healthy Children Development Foundation”.

(5) TAXATION

Details of taxation are set out in notes 8 and 37 to the financial statements prepared in accordance with the IFRSs, and in note IV “Taxation” and items 20, 27, 42 and 54 under note V of “Notes to Consolidated Financial Statements” to the financial statements prepared in accordance with the PRC Accounting Standards.

(6) MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, in the business operation of the Group, the aggregate sales amount to the five largest customers amounted to RMB9.976 billion, representing 7.08% of the total sales amount of the Group, and the largest customer accounted for 2.12% of the total sales amount of the Group; the aggregate purchase amount from the five largest suppliers amounted to RMB21.430 billion, representing 18.22% of the total purchase amount of the Group, and the largest supplier accounted for 6.06% of the total purchase amount of the Group. So far as is known to the Group, none of the five largest customers and suppliers have any connection with the Group.

4. Report of the Directors

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

No.	Name of Customers	Sales amount (RMB million)	Percentage of total annual sales amount (%)
1	Jiangsu Tongrong Supply Chain Management Co., Ltd.	2,992	2.12
2	Shanghai Nanxin International Trade Co., Limited	1,748	1.24

New suppliers among the five largest suppliers were as follows:

No.	Name of Suppliers	Purchase amount (RMB million)	Percentage of total annual purchase amount (%)
1	State Grid Huitongjincai (Beijing) Information Technology Co., Ltd.	2,823	2.40
2	Jiangsu Qingyuan Stainless Steel Co., Ltd.	2,643	2.25

None of the Directors, Supervisors or their respective close associates (as defined in the HKSE Listing Rules) nor, to the knowledge of the Board, shareholders holding more than 5% of the number of issued shares of the Company had interests in any of the five largest customers or five largest suppliers of the Group for the year ended 31 December 2023.

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

(7) LEASEHOLD LAND, PROPERTY, PLANT AND EQUIPMENT

Changes in leasehold land, property, plant and equipment of the Company for the year ended 31 December 2023 were set out in note 14 to the financial statements prepared in accordance with the IFRSs.



4. Report of the Directors

(8) TOTAL ASSETS

As at 31 December 2023, the Group's total assets as determined in accordance with the IFRSs amounted to approximately RMB246.189 billion, representing an increase of approximately RMB2.213 billion over that of the end of last year.

(9) RESERVES

Changes in the reserves of the Company and the Group for the year ended 31 December 2023 were set out in the consolidated statement of changes in equity and note 38 to the financial statements prepared in accordance with the IFRSs.

(10) DEPOSITS, LOANS AND CAPITALIZED INTEREST

Details of the Group's loans as at 31 December 2023 were set out in note 33 to the financial statements prepared in accordance with the IFRSs. The Group's deposits as at 31 December 2023 were placed with reputable commercial banks. The Group has no entrusted deposits and fixed-term deposits which cannot be withdrawn upon expiry. During the Reporting Period, interest capitalized in respect of construction-in-progress amounted to RMB116 million, details of which were set out in note 7 to the financial statements prepared in accordance with the IFRSs.

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

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



4. Report of the Directors

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

(12) BUSINESS REVIEW, OUTLOOK AND MAJOR RISK FACTORS

For details on the business review, outlook for 2024 and the major risk factors of the Group, please refer to chapter 3 "Management Discussion and Analysis" in this report.

(13) COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2023, the Group complied with the relevant laws and regulations which have a significant impact on the Company.



5. Corporate Governance and Corporate Governance Report

(1) CORPORATE GOVERNANCE

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

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

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

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

The Supervisory Committee is the monitoring body of the Company, accountable to the shareholders in general meeting. It operates effectively in accordance with the Rules of Procedures of Supervisory Committee Meeting and effectively monitor the performance of duties of the Directors and senior management members and matters relating to the operation of Company in accordance with the law.



5. Corporate Governance and Corporate Governance Report

With respect to corporate governance, based on the above-mentioned hierarchy of authority, the Company has fully applied the principles set out in the Corporate Governance Code (the “Corporate Governance Code”) in Appendix C1 to the HKSE Listing Rules, and there are no material difference from the laws, administrative regulations and regulatory documents issued by the CSRC in relation to corporate governance of listed companies. During the Reporting Period, the Company has complied with all the code provisions (the “Code Provision(s)”) as set out in Part 2 of the Corporate Governance Code.

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

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

(3) PROCEEDINGS OF THE GENERAL MEETING AND SUPERVISORY COMMITTEE

On 31 May 2023, the 2022 annual general meeting of the Company was held in the conference room of the Company. On 2 November 2023, the first extraordinary general meeting of the Company in 2023 was held in the conference room of the Company. All the Directors attended the above meetings in person. For voting results of the resolutions passed at the above meetings, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 31 May 2023 and 2 November 2023 respectively and on the website of the SSE on 1 June 2023 and 3 November 2023 respectively.

The Supervisory Committee exercises supervision over the performance of duties of the Directors and senior management members of the Company and matters relating to the operation of Company in accordance with the law, and it has no objection to the matters subject to its supervision during the Reporting Period.

5. Corporate Governance and Corporate Governance Report

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

Current Directors and Supervisors

Name	Position	Gender	Age	Tenure
Yang Jun	Chairman and Executive Director	Male	55	13 July 2022-30 May 2025
Wang Jianchao	Deputy Chairman and Executive Director	Male	60	21 August 2015-30 May 2025
Qu Wenzhou	Independent Non-executive Director	Male	52	31 May 2022-30 May 2025
Ho Shuk Yee, Samantha	Independent Non-executive Director	Female	60	31 May 2022-30 May 2025
Zhang Yunyan	Independent Non-executive Director	Female	49	30 May 2019-30 May 2025
Li Qunfeng	Executive Director	Male	53	30 May 2019-30 May 2025
Zhou Xiaochuan	Executive Director	Male	54	8 November 2021-30 May 2025
Wu Tiejun	Executive Director	Male	44	31 May 2022-30 May 2025
He Chengfa	Supervisor cum Chairman of the Supervisory Committee	Male	58	2 November 2023-30 May 2025
Chen Yongbo	Supervisor	Male	59	31 May 2022-30 May 2025
Liu Tiantian	Staff Representative Supervisor	Male	58	30 May 2019-30 May 2025

5. Corporate Governance and Corporate Governance Report

Current Senior Management Members

Name	Position	Gender	Age	Tenure
Li Qunfeng	General Manager	Male	53	22 September 2021-31 December 2024
Zhou Xiaochuan	Secretary to the Board (Joint Company Secretary)	Male	54	17 September 2021-31 December 2024
Wu Tiejun	Deputy General Manager	Male	44	24 October 2022-31 December 2024
Yu Shui	Deputy General Manager	Male	48	24 October 2022-31 December 2024
Pan Zhonghong ^{Note}	Deputy General Manager	Male	50	8 January 2024-31 December 2024
Li Xin	Assistant to General Manager	Male	52	27 April 2023-31 December 2024
Xu Yue	Assistant to General Manager	Female	55	27 April 2023-31 December 2024
Chiu Pak Yue, Leo	Joint Company Secretary (Hong Kong)	Male	61	Appointed on 29 August 2000

Note: Mr. Pan Zhonghong was appointed as an assistant to general manager of the Company on 1 April 2022 and promoted to a deputy general manager of the Company on 8 January 2024.

Directors, Supervisors and senior management members resigned during the Reporting Period

Name	Position	Gender	Age	Date of Resignation
Wu Xiaoming	Supervisor cum Chairman of the Supervisory Committee	Male	61	2 November 2023

5. Corporate Governance and Corporate Governance Report

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

Name	Position	Number of shares held as at 31 December 2022 (share)	Number of shares acquired/sold during the Reporting Period (share)	Number of shares held as at 31 December 2023 (share)
Liu Tiantian	Staff representative Supervisor	63,500 (H Shares)	–	63,500 (H Shares)
Xu Yue	Assistant to general manager	600 (A Shares)	–	600 (A Shares)

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

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

Name	Positions held in Conch Holdings	Tenure
Yang Jun	Chairman	From May 2022 to present
Wang Jianchao	Director and Deputy General Manager	From May 2013 to present
Li Qunfeng	Deputy Director of Technology Center	From May 2016 to present
He Chengfa	Deputy General Manager and Executive Deputy Director of Technology Center	From May 2013 to present
Zhou Xiaochuan	Deputy Chief Economist	From June 2017 to April 2023
Chen Yongbo	Assistant to General Manager	From November 2021 to present



5. Corporate Governance and Corporate Governance Report

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

Name	Positions held in other entities
Li Qunfeng	① Non-executive director and chairman of the board of directors of Conch Environment Protection ② Director of Wuhu Conch Trading Co., Ltd. ③ Director of CNBM (Anhui) Management Co., Ltd.
Zhou Xiaochuan	Director of Conch Capital
Wu Tiejun	① Director of Conch Design Institute ② Director of Conch Tech Innovation Material
He Chengfa	① Chairman of Santan Technology (Anhui) Research Institute Co., Ltd. ② Chairman of Conch Design Institute
Chen Yongbo	Director and general manager of Santan Technology (Anhui) Research Institute Co., Ltd.
Yu Shui	Chairman of Wuhu Conch Trading Co., Ltd.
Pan Zhonghong	Deputy chairman of SPIC Anhui Conch Clean Energy Limited



5. Corporate Governance and Corporate Governance Report

BIOGRAPHY OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

Executive Directors

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

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

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

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



5. Corporate Governance and Corporate Governance Report

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

Independent non-executive Directors

Mr. Qu Wenzhou, was appointed as an independent non-executive Director of the Company since May 2022. Mr. Qu graduated from Xiamen University with a major in finance and received a doctoral degree in economics. He is currently the dean of the Jinyuan Research Institute for Financial Studies of Xiamen University, supervisor at the China Capital Market Research Center of Xiamen University, supervisor at the MBA Center under the School of Management of Xiamen University, and a professor at the Finance Faculty of the School of Management of Xiamen University. Mr. Qu obtained the qualification as a non-practicing member of Chinese certified public accountants from The Chinese Institute of Certified Public Accountants in June 2002. He has been a chartered financial analyst authorized by the Chartered Financial Analyst Institute since November 2004. He possesses extensive experience in the fields of finance, economics, financial management, capital market, etc. Mr. Qu had held positions such as an associate professor and deputy supervisor at the MBA Center under the School of Management of Xiamen University, the deputy supervisor of the Finance Faculty of the School of Management of Xiamen University and the deputy dean of the Institute for Financial and Accounting Studies at Xiamen University. He had served as an independent director of Guangdong Baolihua New Energy Stock Co., Ltd. (a company listed on the SZSE, stock code: 000690), an independent non-executive director of each of Datang Group Holdings Limited (a company listed on the Stock Exchange, stock code: 2117), Ronshine China Holdings Limited (a company listed on the Stock Exchange, stock code: 3301) and Fuyao Glass Industry Group Co., Ltd. (a company listed on the SSE, stock code: 600660, and also listed on the Stock Exchange, stock code: 3606). Mr. Qu is currently an independent director of each of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (a company listed on the SZSE, stock code: 001979), Zhongji Innolight Co., Ltd. (a company listed on the SZSE, stock code: 300308) and Suwen Electric Energy Technology Co., Ltd. (a company listed on the SZSE, stock code: 300982).



5. Corporate Governance and Corporate Governance Report

Ms. Ho Shuk Yee, Samantha, was appointed as an independent non-executive Director of the Company since May 2022. Ms. Ho obtained a Master of Business Administration degree from UCLA Anderson School of Management and a Bachelor of Arts degree from Bryn Mawr College in the United States. She is also a senior fellow of Hong Kong Securities and Investment Institute. Ms. Ho has over 25 years of experience in the finance industry, specializing in investment management. She had served as a director of the board of Hong Kong Securities and Investment Institute and acted as an investment director at Invesco Hong Kong Limited. She was also a licensed representative for Manulife Asset Management (Hong Kong) Limited, and had served at Jardine Fleming Securities Limited and SEB Investment Management. She is a chartered financial analyst accredited by The Institute of Chartered Financial Analysts. Ms. Ho is currently a chief investment officer and a member of the investment committee of Altus Holdings Limited (a company listed on the Stock Exchange, stock code: 8149).

Ms. Zhang Yunyan, was appointed as an independent non-executive Director of the Company since May 2019. Ms. Zhang is a Sinovation Fellow at Yale University, the U.S.A.. She obtained the Master of Laws (LLM) from William & Mary School of Law, the U.S.A., and an Executive Master of Business Administration degree from the University of Science and Technology of China. Ms. Zhang currently serves as a senior partner and managing partner of Jincheng Tongda & Neal Law Firm (Shanghai). Ms. Zhang has extensive experience in legal services in the areas of securities and capital market, merger, acquisition and restructuring. She was awarded “ALB China Top 15 Female Lawyers for 2020” by ALB, “2020, 2021, 2022 The A-List Lawyers” by China Business Law Journal, “The Legal 500 2021 Recommended Lawyer for Dispute Resolution in Asia Pacific”, 2021 Legal Award-Best Corporate Lawyer by APAC Insider, 2021 Service Gold Award for the Global Alliance of SMEs, “Excellent Foreign Lawyer Recommended in the 45th Anniversary of China’s Reform and Opening-up” and “2022 Blockchain and Metaverse Rule of Law Award for Excellent Service” of the Third Blockchain Rule of Law Summit Forum. Ms. Zhang is currently an independent director of each of Anhui Wenergy Company Limited (a company listed on the SZSE, stock code: 000543) and Jiangxi Changyun Co., Ltd. (a company listed on the SSE, stock code: 600561).

Supervisors

Mr. He Chengfa, a Supervisor cum the chairman of the Supervisory Committee of the Company and a professor level senior engineer. Mr. He graduated from Wuhan Industrial University (now known as Wuhan University of Technology) and joined the Group in 1990. He held various positions such as the deputy engineer-in-chief of Ningguo Cement Plant of the Group, head of the equipment department and deputy general manager of the Company. Mr. He has extensive experience in equipment management and corporate management.



5. Corporate Governance and Corporate Governance Report

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

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

Senior Management Members

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

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



5. Corporate Governance and Corporate Governance Report

Mr. Li Xin, assistant to general manager of the Company and a senior engineer. Mr. Li graduated from the Electronic Engineering Institute of PLA and joined the Group in 1993. Mr. Li had served as the assistant to the director of the measurement automation department of the Ningguo Cement Plant, the general manager of Conch IT Engineering, the head of the electrical automation department, the head of the electrical and mechanical security department, the officer-in-charge of the Regional Committee in Yunnan and the officer-in-charge of the Regional Committee in Myanmar of the Company, etc. He possesses extensive management experience in the areas of information technology management and internationalized operations. Mr. Li is currently also the head of the overseas business department of the Company.

Ms. Xu Yue, assistant to general manager of the Company and a senior engineer. Ms. Xu graduated from Anhui Agricultural University and joined the Group in 1993. She had served as an assistant to the head, deputy head, head of the equipment department and head of the equipment set department of the Company. Ms. Xu has extensive management experience in equipment management.

Secretaries to the Board (Company Secretaries)

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

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

Penalties by securities regulatory authorities in the past three years:

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



5. Corporate Governance and Corporate Governance Report

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

During the Reporting Period, Mr. Wu Xiaoming applied for resignation from his role as the chairman of the Supervisory Committee cum a Supervisor due to his reaching of the statutory retirement age. The Company would like to extend its heartfelt gratitude to Mr. Wu Xiaoming for his contribution to the Company during his tenure of service. Upon approval at the first extraordinary general meeting of the Company in 2023 held on 2 November 2023, Mr. He Chengfa was appointed as a Supervisor of the ninth session of the Supervisory Committee of the Company and the resignation of Mr. Wu Xiaoming as the chairman of the ninth session of the Supervisory Committee and a Supervisor became effective on that day. On the same day, the seventh meeting of the ninth session of the Supervisory Committee of the Company was held, and Mr. He Chengfa was unanimously elected as the chairman of the ninth session of the Supervisory Committee of the Company.

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

(6) SERVICE CONTRACT AND INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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



5. Corporate Governance and Corporate Governance Report

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

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

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

As at the end of the Reporting Period, the interests and short positions held by the Directors, Supervisors, chief executive of the Company and their respective associates (as defined in the HKSE Listing Rules) in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:



5. Corporate Governance and Corporate Governance Report

Name	Position	Name of the Company/ associated corporations	Nature of interest	Number of shares held (share)	Percentage of shareholding of all issued shares (percentage of shareholding of the relevant class of shares)
Liu Tiantian	Staff representative	Conch Cement	Beneficial owner	63,500 (H Shares)	0.00%(0.00%)
	Supervisor	Conch Environment Protection	Beneficial owner	3,292,439	0.20%
Li Qunfeng	Executive Director and General Manager	Conch Environment	Beneficial owner	2,050,000	0.11%
		Protection	Interest held jointly with other persons ^{Note}	503,952,979	27.59%
Zhou Xiaochuan	Executive Director and Secretary to the Board (Joint Company Secretary)	Conch Environment	Beneficial owner	783,000	0.04%
		Protection	Interest of spouse	573,142	0.03%
			Interest held jointly with other persons ^{Note}	504,646,837	27.63%
He Chengfa	Supervisor cum chairman of the Supervisory Committee	Conch Environment	Beneficial owner	22,641,843	1.24%
		Protection	Interest of spouse	431,500	0.02%
Chen Yongbo	Supervisor	Conch Environment Protection	Beneficial owner	521,000	0.03%

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



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Save as disclosed above, during the Reporting Period, none of the Directors, Supervisors and chief executive of the Company nor their respective close associates had any interests and/or short positions in shares, underlying shares, debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), nor had they been granted any rights to subscribe for or exercised the above rights to subscribe for the interests in the shares or debentures of the Company or its associated corporation as defined in Part XV of the SFO. Such interests or short positions shall be recorded in the register required to be kept and prepared by the Company under Section 352 of the SFO; or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

1. Decision-making process and basis for determining remuneration

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



5. Corporate Governance and Corporate Governance Report

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

Annual remuneration of current Directors, Supervisors and senior management members

(Unit: RMB)

Name	Position	Remuneration/ allowance before-tax
Yang Jun	Chairman and Executive Director	–
Wang Jianchao	Deputy Chairman and Executive Director	–
Li Qunfeng	Executive Director and General Manager	1,981,460
Zhou Xiaochuan	Executive Director and Secretary to the Board	1,711,374
Wu Tiejun	Executive Director and Deputy General Manager	1,688,521
Qu Wenzhou	Independent Non-executive Director	180,000
Ho Shuk Yee, Samantha	Independent Non-executive Director	180,000
Zhang Yunyan	Independent Non-executive Director	180,000
He Chengfa	Supervisor cum Chairman of the Supervisory Committee	–
Chen Yongbo	Supervisor	–
Liu Tiantian	Staff Representative Supervisor	1,833,737
Yu Shui	Deputy General Manager	1,842,935
Pan Zhonghong	Deputy General Manager	1,650,423
Li Xin	Assistant to General Manager	1,029,925
Xu Yue	Assistant to General Manager	1,042,662
Total		13,321,037

5. Corporate Governance and Corporate Governance Report

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

(Unit: RMB)

Name	Position	Remuneration/ allowance before-tax
Wu Xiaoming	Supervisor cum Chairman of the Supervisory Committee	–
Total		–

- Notes: 1. The above-mentioned annual remunerations included basic salary, bonus, and housing provident fund, enterprise annuities, and various insurances paid by the individual and the Company.
2. During the Reporting Period, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan did not receive any remuneration from the Company and will not request the Company for payment of remuneration for the Reporting Period. The amounts listed in the above table are allowances paid by the Company to them.
3. During the Reporting Period, Mr. Yang Jun, Mr. Wang Jianchao, Mr. He Chengfa and Mr. Chen Yongbo did not receive any remuneration from the Company and their remuneration was paid by Conch Holdings, a controlling shareholder cum a related party of the Company. During the Reporting Period, Mr. Wu Xiaoming did not receive any remuneration from the Company.

(9) HIGHEST PAID INDIVIDUALS

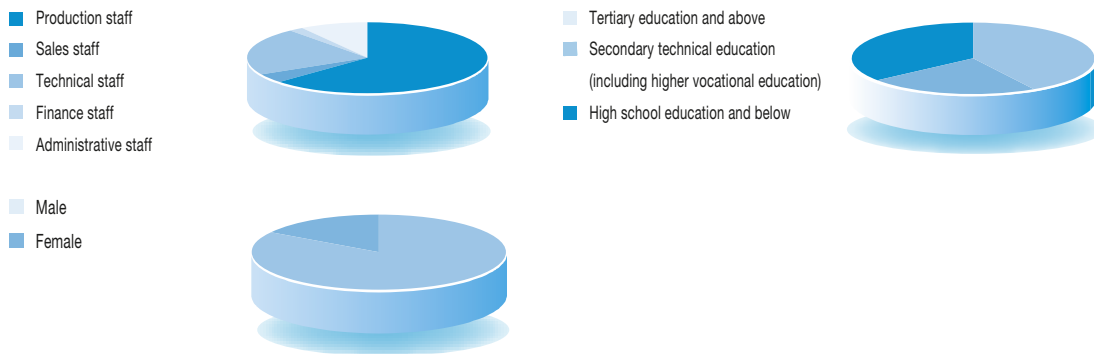
During the Reporting Period, all of the five highest paid individuals of the Group are senior management members of the Company. For details of their remuneration, please refer to the above section headed “(8) Remuneration of Directors, Supervisors and Senior Management Members for the Year” and note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



5. Corporate Governance and Corporate Governance Report

(10) EMPLOYEES

As at 31 December 2023, the Group had 50,769 employees, of which 32,140 were production staff, 2,118 were sales staff, 11,005 were technical staff, 939 were finance staff, 4,567 were administrative staff. 21,227 of them received tertiary education and above, 11,610 had received secondary technical education (including higher vocational education), and 17,932 received high school education and below. Male employees accounted for approximately 84% and female employees accounted for approximately 16%. The professional composition, education level and gender ratio of the employees are shown in the following charts:



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



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, based on the three-tier training management systems at its head office, regional entities and subsidiaries, the Group continued to innovate the training methods, comprehensively organised and provided multi-level and diversified training programmes, with an aim to enhance the management ability of the management personnel and strengthen the professional skills of the staff. The headquarters of the Group introduced training resources provided by external educational enterprises, launched a series of lectures on “Conch Lecture Hall – Innovation Leadership” to provide professional knowledge training for the cadres and employees, thus effectively improving their comprehensive operation and management ability. In addition, the Group focused on pragmatic practices and trainings and converged its resources advantages to build a training and demonstration centre for the education and training of skilled personnel that integrates different specialities, while taking multiple measures to encourage employees who met the related conditions to apply for professional and technical titles and improve their academic qualifications through in-service education, so as to lay a solid foundation for building a quality professional team. To help employees better adapt to the Company’s development needs, the Group integrated and coordinated talent resources in various regions, and established a sound rotation and transfer training mechanism. In light of the actual training needs, the Group’s subsidiaries also provided daily training for staff by different specialties and departments, so as to secure adequate reserve of human resources for stable production and effective management control. Meanwhile, the Group continued to innovate training methods and introduce self-developed micro-courses to improve the pertinence and effectiveness of the training and further refine the training course system of the Company.

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

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



5. Corporate Governance and Corporate Governance Report

(11) STOCK OPTION INCENTIVE SCHEME

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

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

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

(13) PENSION INSURANCE

Details of the pension insurance are set out in note 7(b) to the financial statements prepared in accordance with the IFRSs. Contributions to pension insurance recorded in the income statement of the Group for the year ended 31 December 2023 amounted to RMB821.22 million.

(14) STAFF HOUSING

Pursuant to the relevant requirements of the PRC government, contributions based on a certain percentage of the employees' salaries shall be made by the Group to the housing provident fund for its employees. Save for the above, the Group has no other obligations. For the year ended 31 December 2023, the total housing provident fund paid by the Group amounted to approximately RMB629.93 million.

5. Corporate Governance and Corporate Governance Report

(15) CORPORATE GOVERNANCE

1. Corporate Governance Code

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

2. Securities Transactions by Directors

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

3. The Board

As at 31 December 2023, the composition of the Board is as follows:

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

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

During the Reporting Period, four physical meetings and seven telecommunication meetings of the Board were held, and resolutions were voted and passed by means of written resolutions for relevant matters, with a total of 82 resolutions passed. Details of each Board meeting convened is set out as follows:



5. Corporate Governance and Corporate Governance Report

- (1) On 28 January 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The following resolutions were considered and approved in such meeting: ①the connected transactions in relation to the preheater equipment design and supply between the Company and Conch Design Institute; and ②the connected transactions in relation to the sale of goods between PT Conch International Trade Indonesia and Papua Cement.
- (2) On 22 February 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The following resolutions were considered and approved in such meeting: ①matters in relation to the participation in the bidding of 15% equity interest in Shuicheng Conch; ②matters in relation to the investment in and construction of baked brick project by Linxia Conch; ③matters in relation to the investment in and construction of new environmentally friendly and highly efficient dust collection bag filter project; ④matters in relation to the transfer of 11% equity interest in Green Quarry Company held by Zhuhai Haizhong through public tender; ⑤matters in relation to the investment in and construction of commodity concrete project by Jinxian Conch Cement Co., Ltd.; ⑥matters in relation to the purchase of office premises by Hefei Holding Company; and ⑦the Company's plan for financing and provision of shareholder's loan to subsidiaries in 2023.
- (3) On 27 March 2023, the fourth meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting. A total of 15 resolutions were considered and approved at the meeting, including the general manager's report of the Company for year 2022 and the business plan and target for year 2023, the financial reports for year 2022 prepared in accordance with the IFRSs and the PRC Accounting Standards respectively, the annual report for year 2022 and its summary and results announcement, the internal control assessment report for year 2022 and the Environmental, Social and Governance Report for year 2022 (for details, please refer to the announcements published on the websites of the Stock Exchange and the Company on 27 March 2023 and on the website of the SSE on 28 March 2023 respectively).
- (4) On 26 April 2023, the fifth meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting. The following resolutions were considered and approved in such meeting: ①the 2023 first quarterly report of the Company; ②matters in relation to the transfer of equity interests among the shareholders of Green Quarry Company and the increase of the registered capital of Green Quarry Company; ③matters in relation to the joint investment in and construction of commodity concrete project by Jiande Conch and Jiande Urban Investment; and ④matters in relation to the increase of the registered capital of Zhuhai Haizhong.



5. Corporate Governance and Corporate Governance Report

- (5) On 6 June 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The Company's investment in the Industrial Internet Master Fund with partners including Haitong Capital and Conch Capital was considered and approved at the meeting.
- (6) On 21 August 2023, the sixth meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Ms. Zhang Yunyan, an independent non-executive Director, attended the meeting by means of telecommunication). The following resolutions were considered and approved in such meeting: ①the Company's general manager's work report for the first half of 2023; ②the unaudited financial reports of the Company and its subsidiaries for the six months ended 30 June 2023, prepared in accordance with the PRC Accounting Standards and IFRSs respectively; and ③the 2023 interim report of the Company and its summary and the interim results announcement.
- (7) On 8 September 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The Company's investment in the Innovation Development Investment Fund with partners including Goldstone Investment and Conch Capital was considered and approved at the meeting.
- (8) On 27 October 2023, the seventh meeting of the ninth session of the Board was held by means of telecommunication and all Directors were present at the meeting. The 2023 third quarterly report of the Company was considered and approved at the meeting.
- (9) On 3 November 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The plan of repurchase of A Shares of the Company through centralized price bidding was considered and approved at the meeting.
- (10) On 15 December 2023, a meeting of the Board was held by means of telecommunication and all Directors were present at the meeting. The resolution in relation to the acquisition of 100% equity interest in Conch IT Engineering held by Conch Holdings was considered and approved at the meeting.



5. Corporate Governance and Corporate Governance Report

- (11) On 29 December 2023, the eighth meeting of the ninth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan, all being independent non-executive Directors, attended the meeting by means of telecommunication). The following resolutions were considered and approved in such meeting: ①the continuing connected transactions in relation to supply chain logistic transportation service between the Company and Haihui Company; and ②matters in relation to the change of auditors of the Company for the year 2024.

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

Name	Board meetings	General meetings	Meetings of the Audit Committee	Meetings of the	Meetings
				Remuneration and Nomination Committee	of the ESG Management Committee
	Number of meeting attended/Number of meeting entitled to attend				
Yang Jun	11/11	2/2	-	-	-
Wang Jianchao	11/11	2/2	-	-	-
Qu Wenzhou	11/11	2/2	6/6	1/1	-
Ho Shuk Yee, Samantha	11/11	2/2	6/6	1/1	-
Zhang Yunyan	11/11	2/2	6/6	1/1	-
Li Qunfeng	11/11	2/2	-	-	2/2
Zhou Xiaochuan	11/11	2/2	6/6	-	2/2
Wu Tiejun	11/11	2/2	-	-	2/2

Note: Mr. Zhou Xiaochuan is the secretary of the Audit Committee.



5. Corporate Governance and Corporate Governance Report

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

4. Directors' Continuous Training and Development

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

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

For the year ended 31 December 2023, all Directors had participated in continuous professional development training and complied with Code Provision C.1.4 in relation to Directors' training responsibility.



5. Corporate Governance and Corporate Governance Report

5. Chairman and Chief Executive Officer

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

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

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



5. Corporate Governance and Corporate Governance Report

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

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

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

During the Reporting Period, in accordance with the requirement of the Articles, the Work System for Independent Directors, the Terms of Reference of the Remuneration and Nomination Committee and the Terms of Reference of the Audit Committee, and upholding the principle of honesty and diligence, the independent non-executive Directors performed their duties to the best of their ability. They attended Board meetings held by the Company, convened professional committee meetings, listened to the report of the Company's management on the Company's production and operation conditions and major events in a timely manner, and held a telephone conference with the Chairman of the Company without the presence of other Directors to discuss relevant matters. They participated in various major decisions of the Company, put forward reasonable opinions and suggestions from their respective professional perspectives for the Company's business development, and protected the interests of minority shareholders in accordance with the law. The independent non-executive Directors reviewed the Company's external guarantees and related-party (connected) transactions for the year ended 31 December 2023, and expressed independent opinions on relevant matters.



5. Corporate Governance and Corporate Governance Report

7. Remuneration and Nomination Committee

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

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

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

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



5. Corporate Governance and Corporate Governance Report

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

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

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

During the Reporting Period, the Remuneration and Nomination Committee comprised three members, namely Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan (all being independent non-executive Directors), with Ms. Ho Shuk Yee, Samantha acting as the chairman of the Remuneration and Nomination Committee.

During the Reporting Period, the Remuneration and Nomination Committee held one meeting on 27 March 2023, and all of the committee members attended the meeting, at which the committee considered and approved the following matters: (i) remuneration of the senior management members of the Company for year 2022 and the remuneration appraisal targets of the senior management members of the Company for year 2023; (ii) review and endorse the current structure, number and composition of the Board; and (iii) appoint Mr. Wang Zhiming as the secretary to the Remuneration and Nomination Committee. In addition, a written resolution regarding the nomination of Mr. Li Xin and Ms. Xu Yue as assistants to the general manager of the Company was considered and approved on 27 April 2023.



5. Corporate Governance and Corporate Governance Report

The Remuneration and Nomination Committee reviewed the remunerations of the Directors, Supervisors and senior management members of the Company as disclosed for year 2023 and considered that their respective remunerations were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

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

8. Audit Committee

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

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

5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Audit Committee comprised three members, namely, Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan (all being independent non-executive Directors), with Mr. Qu Wenzhou acting as the chairman of the Audit Committee.

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

- (1) On 12 January 2023, the Audit Committee held a video conference to review the financial statements prepared by the Company internally for the year 2022 and to obtain report from the Company's management on the operation of the Company for year 2022 and the arrangement on the preparation of financial report and the main issues required special attention. KPMG Huazhen LLP and KPMG (collectively, known as "KPMG"), auditors of the Company, reported on the timetable and the main focus of their audit work for the year 2022. The Audit Committee agreed to allow the auditors to conduct field audit in the Company for the year 2022; and obtained opinion from the auditors for participating in the 2023 non-assurance engagement.
- (2) On 2 March 2023, the Audit Committee held a video conference, during which KPMG reported to the Audit Committee on the progress of the auditing work, and the committee considered that the auditors would be able to complete the audit within the scheduled time frame.
- (3) On 27 March 2023, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the annual financial report for the year ended 31 December 2022 prepared in accordance with the PRC Accounting Standards and IFRSs respectively, which were agreed to be submitted to the Board for approval; (ii) the annual report, its summary and results announcement for the year 2022, which were agreed to be submitted to the Board for approval; (iii) the assessment report on internal control for the year 2022, which was agreed to be submitted to the Board for approval; (iv) the report on the significant connected transactions which took place in 2022; (v) the resolution regarding the provision of guarantee by the Company to its subsidiaries and joint ventures, which was agreed to be submitted to the Board for approval; and (vi) the resolution regarding the recommendation to the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company, respectively, which was agreed to be submitted to the Board for approval.



5. Corporate Governance and Corporate Governance Report

On 27 March 2023, the Audit Committee issued an assessment report in respect of the 2022 audit work for the Company performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the 2022 audit work for Conch Cement, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP as the internal control auditor of the Company.

- (4) On 21 August 2023, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the unaudited interim (half-yearly) financial report for the year 2023 prepared in accordance with the IFRSs and PRC Accounting Standards respectively, which were submitted to the Board for approval; and (ii) the interim report for the year 2023 and its summary and the interim results announcement, which were submitted to the Board for approval.
- (5) On 25 October 2023, the Audit Committee held a meeting by means of telecommunication to consider and approve the bidding plan for services related to the audit of the Company's 2024 annual report.



5. Corporate Governance and Corporate Governance Report

- (6) On 28 December 2023, the Audit Committee held a meeting by means of telecommunication to consider and approve the resolution in relation to the appointment of Ernst & Young Hua Ming LLP and Ernst & Young (collectively, known as “EY”) as the Company’s PRC auditors and international auditors for the year of 2024, respectively. Upon completing the annual audit work of the Company for the year 2023, KPMG had served as the auditors of the Company for 18 consecutive years, which had reached the prescribed time limit for consecutive appointment of accounting firms under the Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies (“Administrative Measures for the Appointment of Accounting Firms”) issued by the Ministry of Finance of the PRC, the SASAC of the State Council and the CSRC. As such, the Company is required to change its auditors for the year 2024. The Audit Committee was of the view that EY possesses the competent practice qualifications, professional competence, investor protection ability, independence and good integrity, and is therefore able to meet the needs of the Company’s audit work. The selection and appointment of the auditors were and will be conducted in an open, fair and impartial manner, without prejudicing the interests of the Company and its shareholders. The Audit Committee agreed to appoint Ernst & Young Hua Ming LLP as the Company’s PRC auditors and internal control auditors for the year 2024 and Ernst & Young as the Company’s international (financial) auditors for the year 2024, and agreed to submit the proposal to the Board for its consideration and approval.

Since the commencement of the audit work in relation to the preparation of the financial report of the Company for the year ended 31 December 2023, the Audit Committee has been participating in the entire process:

- (1) Prior to the commencement of audit work by the auditors, the Audit Committee reviewed the 2023 financial statements prepared by the Company internally and agreed to allow the auditors to conduct field audit. In the course of conducting audit of annual report, the Audit Committee requested KPMG to diligently complete the audit work on the financial statements according to the work plans.
- (2) After issuance of preliminary audit opinion by the auditors, the Audit Committee reviewed the 2023 financial statements again and considered that the auditors were able to complete the audit work conscientiously within schedule.



5. Corporate Governance and Corporate Governance Report

- (3) On 19 March 2024, the Audit Committee issued an assessment report in respect of the 2023 audit work for the Company performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the 2023 audit work for Conch Cement, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well.

9. ESG Management Committee

In order to further enhance the Company's environmental, social and governance ("ESG") management standards, optimise ESG management system and improve ESG management capabilities, the Company has established the ESG Management Committee. The major duties of the ESG Management Committee include formulating the Company's ESG visions, objectives, strategies and structure, and reviewing the Company's ESG reports. The ESG Management Committee is a non-standing committee of the Board and is accountable to the Board.

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

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

During the Reporting Period, the ESG Management Committee held two meetings, all of the committee members attended both meetings. The first meeting was held on 22 March 2023, at which the committee considered and approved: (i) the 2022 Environmental, Social and Governance Report of the Company; and (ii) the Company's major ESG work plan for year of 2023. The second meeting was held on 20 December 2023 during which the committee obtained the report of the ESG work group on the arrangement for the preparation of the 2023 Environmental, Social and Governance Report of the Company.

10. Auditors' Remuneration

Please refer to "(4) Auditors and remuneration" in chapter 7 "Significant Events" in this report for the remuneration of auditors appointed by the Company in 2023.



5. Corporate Governance and Corporate Governance Report

11. Directors' Responsibility for the Financial Statements

The financial report and results announcement of the Company for year 2023 have been reviewed by the Audit Committee. All the Directors of the Company agreed and confirmed their individual and collective responsibility for preparing the accounts as contained in the financial report for the year. The Directors are responsible for the preparation of the financial statements under applicable statutory and regulatory requirements which give a true and fair view of the financial status, the results of operations and cash flows of the Group for the relevant accounting periods. In preparing the financial statements for the year ended 31 December 2023, applicable accounting policies have been adopted and applied consistently. The Directors are not aware of any uncertain events or circumstances which may materially affect the Company's ability to continue as a going concern.

12. Internal Control and Risk Management

The Company has established an internal audit function. The assessment report on internal control for 2023 of the Company has been considered and approved by the Board, and was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year.

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

In accordance with the relevant regulations under the Corporate Governance Code in Appendix C1 to the HKSE Listing Rules as well as the Terms of Reference of the Audit Committee of the Company, the Audit Committee reviewed the risk management, internal control system, internal audit function and the effectiveness of these systems and function of the Company for 2022 and 2023 on 27 March 2023 and 19 March 2024 respectively. The scope of review covered all material controls, financial, operational and compliance controls as well as the adequacy of resources, the qualifications and experience of the employees responsible for accounting, compliance, risk management, internal audit and financial reporting functions and their training programmes and budget. The Audit Committee also analysed and discussed with the management of the Company regarding the risk management and internal control systems, so as to keep the operation and development risk of the Company at a controllable level. The Board acknowledges its responsibility for risk management and internal control systems. The Company, the Board and the Audit Committee are of the opinion that the internal control system and risk management system of the Group are adequate and effective.



5. Corporate Governance and Corporate Governance Report

KPMG Huazhen LLP was engaged by the Company to review the effectiveness of the internal control on financial reporting of the Group as at 31 December 2023, and it has issued a standard unqualified audit report on internal control. The audit report on internal control was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year. The Company has set up the audit inspecting department which takes up the daily responsibility of internal risk control.

The Company has formulated relevant systems on inside information management, which specifies the confidentiality management of inside information, as well as filing and accountability of personnel with access to inside information. The Company regularly reminds the Directors and employees about compliance with all policies adopted by the Company regarding inside information including the compliance with the Model Code set out in Appendix C3 to the HKSE Listing Rules in relation to dealings in securities of the Company.

13. Shareholders' Rights

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

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

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



5. Corporate Governance and Corporate Governance Report

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

14. Company Secretaries

Mr. Zhou Xiaochuan and Mr. Chiu Pak Yue, Leo jointly served as the company secretaries of the Company. For further details of their biographies, please refer to the above section headed " (4) Basic Information of Directors, Supervisors and Senior Management Members of the Company" of this chapter in this report. Mr. Chiu Pak Yue, Leo is the external company secretary and his main contact person of the Company is Mr. Zhou Xiaochuan, an executive Director and joint company secretary. During the Reporting Period, the above company secretaries have complied with the requirement of taking no less than 15 hours of relevant professional training under Rule 3.29 of the HKSE Listing Rules.

15. Investor Relations and Communication with Shareholders

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



5. Corporate Governance and Corporate Governance Report

During the Reporting Period, in order to further enhance the standard of compliance of the Company, and to refine the authority of the Board, and taking into consideration the operation and development needs and actual circumstances of the Company, the Company amended the relevant provisions of the Articles. The aforesaid amendments were disclosed after being considered and approved at the fourth meeting of the ninth session of the Board of the Company, and were considered and approved at the 2022 annual general meeting. For further details, please refer to the relevant announcements and circulars published by the Company on the websites of the SSE, the Stock Exchange and the Company.

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

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

During the Reporting Period, the Group acquired project companies such as Shaodong Panshi. During the Reporting Period, handover of relevant assets of the investees has been completed and merged into the Group. Employees of the investees have realized smooth transition and have signed service contract with the Group and were incorporated into the Group's personnel management system. The financial management of these companies has been incorporated into the Group's financial accounting system, thus realizing unified accounting system and consolidated financial statement. Various operations have steadily been imported into the business model and management system of Conch to realize smooth and orderly transition.

6. Environment and Social Responsibility

(1) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

1. Discharge information of key pollutant discharge units

As at the end of the Reporting Period, 91 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by relevant environmental protection departments of the government. Details of the major pollutants discharged during the production process by such companies are set out in the below table:

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
1	Ningguo Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	19.22	DB34/3576-2020	137.68	384.91	No
		Nitrogen oxides	Organised	2	Kiln tail	71.15	DB34/3576-2020	509.76	795.88	No
		Particulate matter	Organised	4	Kiln head and tail	3.67	DB34/3576-2020	43.80	150.50	No
		Particulate matter	Organised	213	General discharge outlet	2.56	DB34/3576-2020	54.09		No
2	Baimashan Cement Plant	Sulfur dioxide	Organised	1	Kiln tail	2.72	DB34/3576-2020	11.92	213.13	No
		Nitrogen oxides	Organised	1	Kiln tail	29.18	DB34/3576-2020	130.92	426.25	No
		Particulate matter	Organised	2	Kiln head and tail	1.39	DB34/3576-2020	6.49	70.53	No
		Sulfur dioxide	Organised	1	Coal mill	15.67	DB34/3576-2020	2.74	35.65	No
		Nitrogen oxides	Organised	1	Coal mill	40.42	DB34/3576-2020	9.54	71.30	No
		Particulate matter	Organised	128	General discharge outlet	5.77	DB34/3576-2020	16.81	72.12	No
3	Chizhou Conch	Sulfur dioxide	Organised	8	Kiln tail	3.32	DB34/3576-2020	155.98	1,704.13	No
		Nitrogen oxides	Organised	8	Kiln tail	44.10	DB34/3576-2020	2,071.78	3,821.80	No
		Particulate matter	Organised	16	Kiln head and tail	2.77	DB34/3576-2020	191.23	914.06	No
		Particulate matter	Organised	378	General discharge outlet	2.42	DB34/3576-2020	40.18		No
4	Tongling Conch	Sulfur dioxide	Organised	5	Kiln tail	4.05	DB34/3576-2020	154.56	1,773.80	No
		Nitrogen oxides	Organised	5	Kiln tail	39.27	DB34/3576-2020	1,522.12	3,547.60	No
		Particulate matter	Organised	10	Kiln head and tail	3.33	DB34/3576-2020	171.19	871.60	No
		Particulate matter	Organised	383	General discharge outlet	5.97	DB34/3576-2020	38.78		No
5	Digang Conch	Sulfur dioxide	Organised	4	Kiln tail	17.31	DB34/3576-2020	329.15	807.50	No
		Nitrogen oxides	Organised	4	Kiln tail	41.69	DB34/3576-2020	772.31	1,615.00	No
		Particulate matter	Organised	8	Kiln head and tail	1.23	DB34/3576-2020	28.97	438.44	No
		Particulate matter	Organised	206	General discharge outlet	6.31	DB34/3576-2020	37.07		No
6	Wuhu Conch	Sulfur dioxide	Organised	6	Kiln tail	18.21	DB34/3576-2020	717.16	1,789.38	No
		Nitrogen oxides	Organised	6	Kiln tail	36.78	DB34/3576-2020	1,476.64	3,578.75	No
		Particulate matter	Organised	12	Kiln head and tail	2.37	DB34/3576-2020	126.98	854.75	No
		Particulate matter	Organised	375	General discharge outlet	6.21	DB34/3576-2020	83.53		No



6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
7	Zongyang Conch	Sulfur dioxide	Organised	5	Kiln tail	1.50	DB34/3576-2020	27.72	1,237.50	No
		Nitrogen oxides	Organised	5	Kiln tail	40.51	DB34/3576-2020	1,033.09	2,475.00	No
		Particulate matter	Organised	10	Kiln head and tail	2.40	DB34/3576-2020	84.07	554.29	No
		Particulate matter	Organised	216	General discharge outlet	2.04	DB34/3576-2020	8.49		No
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.59	DB34/3576-2020	124.52	516.25	No
		Nitrogen oxides	Organised	2	Kiln tail	36.71	DB34/3576-2020	290.37	1,032.50	No
		Particulate matter	Organised	4	Kiln head and tail	1.99	DB34/3576-2020	23.50	290.17	No
		Particulate matter	Organised	141	General discharge outlet	2.33	DB34/3576-2020	8.99		No
9	Wuhu South Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	22.00	DB34/3576-2020	150.27	513.13	No
		Nitrogen oxides	Organised	3	Kiln tail	75.00	DB34/3576-2020	517.21	1,031.25	No
		Particulate matter	Organised	6	Kiln head and tail	3.50	DB34/3576-2020	23.49	1,686.31	No
		Particulate matter	Organised	198	General discharge outlet	3.00	DB34/3576-2020	31.96		No
10	Prosperity Conch	Sulfur dioxide	Organised	4	Kiln tail	28.28	GB4915-2013	336.47	640.00	No
		Nitrogen oxides	Organised	4	Kiln tail	163.86	GB4915-2013	1,958.08	4,712.00	No
		Particulate matter	Organised	8	Kiln head and tail	4.21	GB4915-2013	102.29	699.27	No
		Particulate matter	Organised	222	General discharge outlet	4.39	GB4915-2013	33.69		No
11	Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	29.85	GB4915-2013	446.09	530.00	No
		Nitrogen oxides	Organised	2	Kiln tail	131.10	GB4915-2013	2,066.54	3,548.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.00	GB4915-2013	52.26	746.13	No
		Particulate matter	Organised	191	General discharge outlet	5.20	GB4915-2013	171.16		No
12	Qingxin Cement	Sulfur dioxide	Organised	2	Kiln tail	4.52	GB4915-2013	46.74	320.00	No
		Nitrogen oxides	Organised	2	Kiln tail	222.57	GB4915-2013	2,161.22	3,030.48	No
		Particulate matter	Organised	4	Kiln head and tail	3.08	GB4915-2013	41.37	504.98	No
		Particulate matter	Organised	120	General discharge outlet	5.02	GB4915-2013	19.93		No
13	Hainan Changjiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	32.43	DB46/524-2021	125.25	387.50	No
		Nitrogen oxides	Organised	2	Kiln tail	129.92	DB46/524-2021	501.24	775.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.16	DB46/524-2021	11.00	117.48	No
		Particulate matter	Organised	97	General discharge outlet	5.14	DB46/524-2021	21.94		No
14	Guangdong Qingyuan Guangying Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	12.85	GB4915-2013	60.28	234.09	No
		Nitrogen oxides	Organised	3	Kiln tail	240.17	GB4915-2013	1,048.63	2,342.65	No
		Particulate matter	Organised	6	Kiln head and tail	2.54	GB4915-2013	16.53	286.54	No
		Particulate matter	Organised	107	General discharge outlet	3.52	GB4915-2013	6.11		No

6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge	Total amount of approved discharge	Excessive discharge
								(tonne)	(tonne/year)	
15	Conch Hongfeng	Sulfur dioxide	Organised	2	Kiln tail	34.44	GB4915-2013	195.37	376.46	No
		Nitrogen oxides	Organised	2	Kiln tail	263.75	GB4915-2013	1,538.77	1,965.00	No
		Particulate matter	Organised	4	Kiln head and tail	4.89	GB4915-2013	34.30	299.13	No
		Particulate matter	Organised	119	General discharge outlet	4.18	GB4915-2013	23.38		No
16	Xing'an Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	11.64	GB4915-2013	72.40	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	238.82	GB4915-2013	1,512.13	2,476.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.50	GB4915-2013	72.62	543.70	No
		Particulate matter	Organised	135	General discharge outlet	6.81	GB4915-2013	48.53		No
17	Xingye Kuyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	11.18	GB4915-2013	80.08	130.58	No
		Nitrogen oxides	Organised	2	Kiln tail	259.78	GB4915-2013	2,278.21	2,713.31	No
		Particulate matter	Organised	4	Kiln head and tail	1.90	GB4915-2013	28.73	1,041.97	No
		Particulate matter	Organised	166	General discharge outlet	5.08	GB4915-2013	54.62		No
18	Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	6.67	GB4915-2013	85.76	181.00	No
		Nitrogen oxides	Organised	3	Kiln tail	193.71	GB4915-2013	2,518.37	3,713.00	No
		Particulate matter	Organised	6	Kiln head and tail	4.11	GB4915-2013	82.14	605.20	No
		Particulate matter	Organised	295	General discharge outlet	6.41	GB4915-2013	52.11		No
19	Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.13	GB4915-2013	70.45	265.80	No
		Nitrogen oxides	Organised	2	Kiln tail	204.85	GB4915-2013	2,200.23	2,525.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.54	GB4915-2013	76.03	600.00	No
		Particulate matter	Organised	165	General discharge outlet	4.84	GB4915-2013	42.09		No
20	Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	36.87	GB4915-2013	177.24	632.60	No
		Nitrogen oxides	Organised	1	Kiln tail	263.44	GB4915-2013	1,183.85	1,364.00	No
		Particulate matter	Organised	2	Kiln head and tail	7.75	GB4915-2013	56.26	276.50	No
		Particulate matter	Organised	123	General discharge outlet	5.29	GB4915-2013	32.28		No
21	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	19.39	GB4915-2013	34.00	426.25	No
		Nitrogen oxides	Organised	1	Kiln tail	291.29	GB4915-2013	596.14	852.50	No
		Particulate matter	Organised	2	Kiln head and tail	4.50	GB4915-2013	5.38	177.38	No
		Particulate matter	Organised	68	General discharge outlet	3.89	GB4915-2013	3.51		No
22	Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.84	GB4915-2013	15.48	900.90	No
		Nitrogen oxides	Organised	2	Kiln tail	228.59	GB4915-2013	832.48	1,801.80	No
		Particulate matter	Organised	4	Kiln head and tail	6.33	GB4915-2013	31.37	362.92	No
		Particulate matter	Organised	129	General discharge outlet	3.68	GB4915-2013	8.33		No



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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
23	Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	9.55	GB4915-2013	59.10	320.00	No
		Nitrogen oxides	Organised	3	Kiln tail	193.35	GB4915-2013	2,725.45	4,468.50	No
		Particulate matter	Organised	6	Kiln head and tail	3.45	GB4915-2013	136.30	853.41	No
24	Ganzhou Conch	Particulate matter	Organised	184	General discharge outlet	9.12	GB4915-2013	104.71		No
		Sulfur dioxide	Organised	3	Kiln tail	4.66	GB4915-2013	49.45	235.19	No
		Nitrogen oxides	Organised	3	Kiln tail	238.93	GB4915-2013	2,254.39	2,641.00	No
		Particulate matter	Organised	6	Kiln head and tail	3.57	GB4915-2013	45.65	813.04	No
25	Shuangfeng Conch	Particulate matter	Organised	153	General discharge outlet	2.41	GB4915-2013	5.40		No
		Sulfur dioxide	Organised	2	Kiln tail	3.65	GB4915-2013	15.55	470.00	No
		Nitrogen oxides	Organised	2	Kiln tail	100.93	GB4915-2013	474.11	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.65	GB4915-2013	40.89	399.09	No
26	Hunan Conch Cement Co., Ltd.	Particulate matter	Organised	175	General discharge outlet	5.77	GB4915-2013	8.18		No
		Sulfur dioxide	Organised	2	Kiln tail	8.80	GB4915-2013	44.46	404.36	No
		Nitrogen oxides	Organised	2	Kiln tail	103.83	GB4915-2013	516.69	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.70	GB4915-2013	36.86	458.39	No
27	Shimen Conch Cement Co., Ltd.	Particulate matter	Organised	169	General discharge outlet	4.48	GB4915-2013	16.02		No
		Sulfur dioxide	Organised	2	Kiln tail	13.39	GB4915-2013	91.28	450.10	No
		Nitrogen oxides	Organised	2	Kiln tail	54.56	GB4915-2013	332.71	758.63	No
		Particulate matter	Organised	4	Kiln head and tail	6.55	GB4915-2013	47.92	394.55	No
28	Qiyang Conch Cement Co., Ltd.	Particulate matter	Organised	148	General discharge outlet	3.90	GB4915-2013	6.66		No
		Sulfur dioxide	Organised	2	Kiln tail	23.96	GB4915-2013	101.46	462.10	No
		Nitrogen oxides	Organised	2	Kiln tail	45.44	GB4915-2013	207.73	2,187.90	No
		Particulate matter	Organised	4	Kiln head and tail	2.58	GB4915-2013	27.67	391.00	No
29	Jianghua Conch Cement Co., Ltd.	Particulate matter	Organised	124	General discharge outlet	6.86	GB4915-2013	19.37		No
		Sulfur dioxide	Organised	1	Kiln tail	0.65	GB4915-2013	2.47	234.40	No
		Nitrogen oxides	Organised	1	Kiln tail	40.22	GB4915-2013	131.38	387.50	No
		Particulate matter	Organised	2	Kiln head and tail	2.06	GB4915-2013	8.57	202.01	No
30	Shaoyang Yeafing New Energy Technology Co., Ltd.	Particulate matter	Organised	130	General discharge outlet	6.76	GB4915-2013	18.58		No
		Sulfur dioxide	Organised	1	Kiln tail	20.68	GB4915-2013	66.58	160.00	No
		Nitrogen oxides	Organised	1	Kiln tail	26.11	GB4915-2013	75.69	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.67	GB4915-2013	27.01	184.50	No
		Particulate matter	Organised	80	General discharge outlet	4.14	GB4915-2013	4.21		No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
31	Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	13.01	GB4915-2013	2.76	247.05	No
		Nitrogen oxides	Organised	2	Kiln tail	59.24	GB4915-2013	157.60	1,716.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.12	GB4915-2013	7.65	305.60	No
		Particulate matter	Organised	133	General discharge outlet	4.35	GB4915-2013	6.71		No
32	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.97	GB4915-2013	16.86	234.97	No
		Nitrogen oxides	Organised	1	Kiln tail	54.64	GB4915-2013	170.22	238.32	No
		Particulate matter	Organised	2	Kiln head and tail	2.50	GB4915-2013	9.86	231.38	No
		Particulate matter	Organised	96	General discharge outlet	6.38	GB4915-2013	16.69		No
33	Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.38	GB4915-2013	1.04	151.11	No
		Nitrogen oxides	Organised	1	Kiln tail	53.50	GB4915-2013	158.81	1,440.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.28	GB4915-2013	15.16	340.31	No
		Particulate matter	Organised	149	General discharge outlet	6.16	GB4915-2013	17.33		No
34	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.49	GB4915-2013	26.38	150.00	No
		Nitrogen oxides	Organised	1	Kiln tail	36.81	GB4915-2013	163.37	1,120.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.16	GB4915-2013	25.82	186.28	No
		Particulate matter	Organised	84	General discharge outlet	4.92	GB4915-2013	12.33		No
35	Jiande Conch	Sulfur dioxide	Organised	2	Kiln tail	9.95	GB4915-2013	53.79	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	39.22	GB4915-2013	289.04	1,840.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.96	GB4915-2013	16.73	294.06	No
		Particulate matter	Organised	107	General discharge outlet	4.81	GB4915-2013	14.63		No
36	Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.40	DB37/2373-2018	25.10	299.53	No
		Nitrogen oxides	Organised	1	Kiln tail	43.70	DB37/2373-2018	132.00	619.61	No
		Particulate matter	Organised	2	Kiln head and tail	2.41	DB37/2373-2018	11.86	169.65	No
		Particulate matter	Organised	134	General discharge outlet	5.18	GB4915-2013	9.14		No
37	China Cement Plant	Sulfur dioxide	Organised	1	Kiln tail	1.77	DB32/4149-2021	4.14	52.38	No
		Nitrogen oxides	Organised	1	Kiln tail	45.26	DB32/4149-2021	117.53	387.50	No
		Particulate matter	Organised	2	Kiln head and tail	1.98	DB32/4149-2021	6.87	100.17	No
		Particulate matter	Organised	84	General discharge outlet	5.90	DB32/4149-2021	6.63		No
38	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	20.86	DB34/3576-2020	200.69	618.75	No
		Nitrogen oxides	Organised	3	Kiln tail	46.64	DB34/3576-2020	527.71	1,237.50	No
		Particulate matter	Organised	6	Kiln head and tail	2.91	DB34/3576-2020	50.15	316.92	No
		Particulate matter	Organised	149	General discharge outlet	4.23	DB34/3576-2020	10.19		No



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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
39	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.38	DB34/3576-2020	65.20	240.00	No
		Nitrogen oxides	Organised	2	Kiln tail	63.78	DB34/3576-2020	611.91	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.50	DB34/3576-2020	26.72	271.48	No
40	Quanjiao Conch	Particulate matter	Organised	119	General discharge outlet	5.55	DB34/3576-2020	22.75		No
		Sulfur dioxide	Organised	2	Kiln tail	4.34	DB34/3576-2020	31.52	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	37.70	DB34/3576-2020	313.78	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.94	DB34/3576-2020	24.10	267.18	No
41	Huaining Conch	Particulate matter	Organised	146	General discharge outlet	3.29	DB34/3576-2020	19.30		No
		Sulfur dioxide	Organised	2	Kiln tail	3.37	DB34/3576-2020	28.37	412.50	No
		Nitrogen oxides	Organised	2	Kiln tail	40.29	DB34/3576-2020	374.58	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.53	DB34/3576-2020	14.99	252.84	No
42	Guangyuan Conch Cement Co., Ltd.	Particulate matter	Organised	172	General discharge outlet	7.01	DB34/3576-2020	25.26		No
		Sulfur dioxide	Organised	2	Kiln tail	5.50	DB512864-2021	40.58	342.58	No
		Nitrogen oxides	Organised	2	Kiln tail	41.20	DB512864-2021	311.49	3,003.84	No
		Particulate matter	Organised	4	Kiln head and tail	1.50	DB512864-2021	21.35	700.04	No
43	Dazhou Conch Cement Co., Ltd.	Particulate matter	Organised	156	General discharge outlet	3.60	DB512864-2021	26.01		No
		Sulfur dioxide	Organised	2	Kiln tail	6.15	DB51/2864-2021	51.77	259.88	No
		Nitrogen oxides	Organised	2	Kiln tail	41.20	DB51/2864-2021	381.40	742.50	No
		Particulate matter	Organised	4	Kiln head and tail	0.74	DB51/2864-2021	10.03	253.79	No
44	Bazhong Conch Cement Co., Ltd.	Particulate matter	Organised	123	General discharge outlet	2.33	DB51/2864-2021	13.55		No
		Sulfur dioxide	Organised	1	Kiln tail	1.81	DB512864-2021	9.02	142.13	No
		Nitrogen oxides	Organised	1	Kiln tail	77.14	DB512864-2021	326.10	1,008.26	No
		Particulate matter	Organised	2	Kiln head and tail	0.71	DB512864-2021	5.13	326.99	No
45	Chongqing Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	1.96	DB512864-2021	11.55		No
		Sulfur dioxide	Organised	3	Kiln tail	6.45	DB50/656-2016	75.94	2,252.25	No
		Nitrogen oxides	Organised	3	Kiln tail	96.22	DB50/656-2016	1,219.14	3,474.00	No
		Particulate matter	Organised	6	Kiln head and tail	3.38	DB50/656-2016	59.30	875.36	No
46	Liangping Conch Cement Co., Ltd.	Particulate matter	Organised	251	General discharge outlet	8.44	DB50/656-2016	62.61		No
		Sulfur dioxide	Organised	1	Kiln tail	12.11	DB50/656-2016	53.72	653.40	No
		Nitrogen oxides	Organised	1	Kiln tail	154.09	DB50/656-2016	654.90	914.76	No
		Particulate matter	Organised	2	Kiln head and tail	4.96	DB50/656-2016	33.02	309.03	No
		Particulate matter	Organised	82	General discharge outlet	8.37	DB50/656-2016	19.97		No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
47	Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.45	GB4915-2013	6.37	79.58	No
		Nitrogen oxides	Organised	1	Kiln tail	206.64	Environmental impact evaluation approval document for construction project	558.45	567.74	No
48	Pingliang Conch Cement Co., Ltd.	Particulate matter	Organised	2	Kiln head and tail	6.67	GB4915-2013	25.49	151.20	No
		Particulate matter	Organised	80	General discharge outlet	3.00	GB4915-2013	5.12		No
		Sulfur dioxide	Organised	2	Kiln tail	36.87	GB4915-2013	150.50	1,515.00	No
		Nitrogen oxides	Organised	2	Kiln tail	50.26	GB4915-2013	853.40	3,030.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.94	GB4915-2013	23.10	645.80	No
49	Liquan Conch Cement Co., Ltd.	Particulate matter	Organised	145	General discharge outlet	9.81	GB4915-2013	21.78		No
		Sulfur dioxide	Organised	2	Kiln tail	4.15	DB61/941-2018	30.73	208.69	No
		Nitrogen oxides	Organised	2	Kiln tail	35.43	DB61/941-2018	254.46	1,908.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.73	DB61/941-2018	18.40	335.96	No
50	Qianyang Conch Cement Co., Ltd.	Particulate matter	Organised	162	General discharge outlet	5.54	DB61/941-2018	31.45		No
		Sulfur dioxide	Organised	1	Kiln tail	4.77	DB61/941-2018	11.53	297.00	No
		Nitrogen oxides	Organised	1	Kiln tail	44.71	DB61/941-2018	105.66	1,188.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.95	DB61/941-2018	7.85	197.58	No
51	Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Particulate matter	Organised	126	General discharge outlet	4.80	DB61/941-2018	3.39		No
		Sulfur dioxide	Organised	1	Kiln tail	9.01	DB61/941-2018	12.41	249.00	No
		Nitrogen oxides	Organised	1	Kiln tail	40.65	DB61/941-2018	70.12	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.67	DB61/941-2018	9.59	176.33	No
52	Qianxian Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	6.61	DB61/941-2018	13.64		No
		Sulfur dioxide	Organised	1	Kiln tail	13.42	DB61/941-2018	29.43	191.81	No
		Nitrogen oxides	Organised	1	Kiln tail	43.24	DB61/941-2018	110.06	1,227.60	No
		Particulate matter	Organised	2	Kiln head and tail	0.68	DB61/941-2018	2.59	183.30	No
53	Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Particulate matter	Organised	124	General discharge outlet	5.00	DB61/941-2018	10.97		No
		Sulfur dioxide	Organised	1	Kiln tail	5.58	DB61/941-2018	14.66	279.00	No
		Nitrogen oxides	Organised	1	Kiln tail	40.76	DB61/941-2018	102.80	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.59	DB61/941-2018	5.62	176.33	No
54	Shaanxi Tongchuan Fenghuang Construction Materials Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	4.40	DB61/941-2018	11.43		No
		Sulfur dioxide	Organised	1	Kiln tail	18.46	DB61/941-2018	38.90	337.50	No
		Nitrogen oxides	Organised	1	Kiln tail	202.43	DB61/941-2018	405.23	1,080.00	No
		Particulate matter	Organised	2	Kiln head and tail	2.24	DB61/941-2018	6.92	175.13	No
		Particulate matter	Organised	80	General discharge outlet	4.21	DB61/941-2018	10.70		No



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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
55	Hami Hongyi Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.57	GB4915-2013	8.75	45.00	No
		Nitrogen oxides	Organised	1	Kiln tail	243.55	GB4915-2013	220.70	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	10.73	GB4915-2013	14.16	152.68	No
56	Linxia Conch	Particulate matter	Organised	60	General discharge outlet	8.15	GB4915-2013	4.96		No
		Sulfur dioxide	Organised	2	Kiln tail	3.05	GB4915-2013	11.32	145.85	No
		Nitrogen oxides	Organised	2	Kiln tail	224.80	GB4915-2013	398.50	1,004.10	No
		Particulate matter	Organised	4	Kiln head and tail	6.05	GB4915-2013	18.01	164.30	No
57	Guiyang Conch Panjiang Cement Co., Ltd.	Particulate matter	Organised	114	General discharge outlet	4.60	GB4915-2013	28.17		No
		Sulfur dioxide	Organised	3	Kiln tail	35.00	GB4915-2013	272.00	706.37	No
		Nitrogen oxides	Organised	3	Kiln tail	260.00	GB4915-2013	1,530.00	3,901.51	No
		Particulate matter	Organised	6	Kiln head and tail	7.00	GB4915-2013	62.00	585.83	No
58	Zunyi Conch	Particulate matter	Organised	157	General discharge outlet	7.00	GB4915-2013	14.32		No
		Sulfur dioxide	Organised	2	Kiln tail	70.60	GB4915-2013	530.01	646.80	No
		Nitrogen oxides	Organised	2	Kiln tail	157.43	GB4915-2013	1,048.35	3,267.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.64	GB4915-2013	49.72	671.27	No
59	Tongren Conch Panjiang Cement Co., Ltd.	Particulate matter	Organised	120	General discharge outlet	6.45	GB4915-2013	24.07		No
		Sulfur dioxide	Organised	2	Kiln tail	7.96	GB4915-2013	20.75	1,485.00	No
		Nitrogen oxides	Organised	2	Kiln tail	248.42	GB4915-2013	701.59	2,970.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.26	GB4915-2013	31.62	593.44	No
60	Guiding Conch Panjiang Cement Co., Ltd.	Particulate matter	Organised	131	General discharge outlet	6.82	GB4915-2013	21.37		No
		Sulfur dioxide	Organised	2	Kiln tail	9.82	GB4915-2013	31.78	1,633.00	No
		Nitrogen oxides	Organised	2	Kiln tail	279.86	GB4915-2013	970.04	3,267.00	No
		Particulate matter	Organised	4	Kiln head and tail	8.16	GB4915-2013	38.28	671.23	No
61	Qianxinan Resource Development Co., Ltd.	Particulate matter	Organised	143	General discharge outlet	7.42	GB4915-2013	85.80		No
		Sulfur dioxide	Organised	1	Kiln tail	21.16	GB4915-2013	26.60	241.00	No
		Nitrogen oxides	Organised	1	Kiln tail	189.10	GB4915-2013	198.70	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	5.04	GB4915-2013	4.84	134.06	No
62	Shuicheng Conch	Particulate matter	Organised	103	General discharge outlet	6.09	GB4915-2013	10.43		No
		Sulfur dioxide	Organised	2	Kiln tail	19.67	GB4915-2013	56.17	623.40	No
		Nitrogen oxides	Organised	2	Kiln tail	233.77	GB4915-2013	594.81	2,333.68	No
		Particulate matter	Organised	4	Kiln head and tail	4.71	GB4915-2013	17.79	488.02	No
		Particulate matter	Organised	115	General discharge outlet	6.10	GB4915-2013	12.83		No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
63	Guizhou Liukuanguan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	48.27	GB4915-2013	116.89	347.75	No
		Nitrogen oxides	Organised	1	Kiln tail	164.76	GB4915-2013	441.80	1,485.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.19	GB4915-2013	12.57	315.87	No
64	Guizhou New Shuanglong Cement Co., Ltd.	Particulate matter	Organised	75	General discharge outlet	5.66	GB4915-2013	8.95		No
		Sulfur dioxide	Organised	1	Kiln tail	28.20	GB4915-2013	3.95	135.00	No
		Nitrogen oxides	Organised	1	Kiln tail	285.60	GB4915-2013	62.56	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.76	GB4915-2013	1.97	142.00	No
65	Baoshan Conch	Particulate matter	Organised	65	General discharge outlet	8.98	GB4915-2013	1.98		No
		Sulfur dioxide	Organised	1	Kiln tail	0.92	GB4915-2013	2.17	150.76	No
		Nitrogen oxides	Organised	1	Kiln tail	305.14	GB4915-2013	677.22	1,395.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.79	GB4915-2013	10.13	304.23	No
66	Longling Conch Cement Co., Ltd. ^{Note}	Particulate matter	Organised	77	General discharge outlet	6.89	GB4915-2013	7.66		No
		Sulfur dioxide	Organised	1	Kiln tail	/	GB4915-2013	/	43.00	No
		Nitrogen oxides	Organised	1	Kiln tail	/	GB4915-2013	/	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	/	GB4915-2013	/	163.40	No
67	Yingjiang Yunhan Cement Co., Ltd.	Particulate matter	Organised	106	General discharge outlet	6.70	GB4915-2013	1.76		No
		Sulfur dioxide	Organised	1	Kiln tail	4.75	GB4915-2013	10.72	60.15	No
		Nitrogen oxides	Organised	1	Kiln tail	209.07	GB4915-2013	461.08	1,304.05	No
		Particulate matter	Organised	2	Kiln head and tail	4.31	GB4915-2013	14.15	260.22	No
68	Wenshan Conch Cement Co., Ltd.	Particulate matter	Organised	97	General discharge outlet	7.86	GB4915-2013	18.58		No
		Sulfur dioxide	Organised	2	Kiln tail	5.85	GB4915-2013	29.67	241.10	No
		Nitrogen oxides	Organised	2	Kiln tail	190.52	GB4915-2013	1,042.98	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.91	GB4915-2013	17.22	603.89	No
69	Kunming Conch Cement Co., Ltd.	Particulate matter	Organised	127	General discharge outlet	7.61	GB4915-2013	20.05		No
		Sulfur dioxide	Organised	1	Kiln tail	6.67	GB4915-2013	1.23	62.27	No
		Nitrogen oxides	Organised	1	Kiln tail	122.63	GB4915-2013	55.03	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.72	GB4915-2013	0.96	94.90	No
70	Yunnan Zhuangxiang Cement Co., Ltd.	Particulate matter	Organised	47	General discharge outlet	7.40	GB4915-2013	0.47		No
		Sulfur dioxide	Organised	1	Kiln tail	1.40	GB4915-2013	1.28	172.00	No
		Nitrogen oxides	Organised	1	Kiln tail	254.40	GB4915-2013	76.09	576.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.22	GB4915-2013	1.40	124.28	No
		Particulate matter	Organised	41	General discharge outlet	7.38	GB4915-2013	7.07		No



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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
71	Tengchong Tengyue Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.42	GB4915-2013	2.74	86.43	No
		Nitrogen oxides	Organised	1	Kiln tail	193.11	GB4915-2013	103.41	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.12	GB4915-2013	5.08	160.38	No
		Particulate matter	Organised	95	General discharge outlet	6.80	GB4915-2013	2.81		No
72	Anhui Conch Siam Refractory Material Co., Ltd.	Sulfur dioxide	Organised	2	Tunnel kiln tail	34.25	Environmental impact evaluation approval document for construction project	8.49	36.79	No
		Nitrogen oxides	Organised	2	Tunnel kiln tail	79.78	Environmental impact evaluation approval document for construction project	29.27	88.30	No
		Particulate matter	Organised	2	Tunnel kiln tail	5.45	Environmental impact evaluation approval document for construction project	1.34	11.04	No
		Particulate matter	Organised	29	General discharge outlet	7.00	GB16297-1996	1.74	/	No
73	Naimanqi Hongji Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.34	GB4915-2013	8.86	118.80	No
		Nitrogen oxides	Organised	1	Kiln tail	207.05	GB4915-2013	426.41	980.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.59	GB4915-2013	22.20	444.92	No
		Particulate matter	Organised	45	General discharge outlet	3.31	GB4915-2013	38.00		No
74	Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	5.60	GB 16297-1996	/	/	No
		Particulate matter	Organised	4	General discharge outlet	8.50	GB/T16157-1996	/	/	No
		Odor concentration	Organised	2	General discharge outlet	1,007.59	GB T14675-1993	/	/	No
75	Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.	Particulate matter	Organised	28	General discharge outlet	5.38	GB39726-2020	10.05	/	No
		Particulate matter	Organised	3		5.27	GB 16297-1996		/	No
		Non-methane hydrocarbon	Organised	2		8.26	GB 16297-1996	2.63	/	No
		Xylene	Organised	1		0.25	GB 16297-1996	0.03	/	No
		Nitrogen oxides	Organised	8		36.91	GB39726-2020	4.09	/	No
		Sulfur dioxide	Organised	8		1.50	GB39726-2020	0.24	/	No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
76	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	168	General discharge outlet	7.50	DB32/4149-2021	35.72	/	No
77	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	13	General discharge outlet	5.11	DB32/4149-2021	3.51	/	No
78	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	5.60	DB32/4149-2021	21.37	/	No
79	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	6.64	GB4915-2013	26.61	/	No
80	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	6.99	GB4915-2013	28.29	/	No
81	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	6.02	GB4915-2013	29.75	/	No
82	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	7.20	GB4915-2013	9.39	21.50	No
83	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	54	General discharge outlet	6.20	GB4915-2013	25.26	/	No
84	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	116	General discharge outlet	7.50	GB4915-2013	35.66	/	No
85	Changfeng Conch	Particulate matter	Organised	53	General discharge outlet	2.38	DB34/3576-2020	3.28	/	No
86	Bengbu Conch	Particulate matter	Organised	72	General discharge outlet	2.44	DB34/3576-2020	2.31	/	No
87	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	4.71	DB34/3576-2020	7.06	/	No
88	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	4.07	DB34/3576-2020	37.66	/	No
89	Fujian Jianyang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	6.92	GB4915-2013	32.23	/	No
90	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	1.46	DB32/4149-2021	5.58	/	No
91	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	138	General discharge outlet	4.50	DB32/4149-2021	37.00	/	No

Note: During the Reporting Period, the clinker production system of Longling Conch Cement Co., Ltd. was not in operation and did not emit pollutants.



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

No.	Name of companies	Name of major pollutants and special types of pollutants		Number of discharge		Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
		Discharge mode	Discharge outlets	Discharge outlets							
1	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	65	General discharge outlet	3.65	DB34/3576-2020	2.09	/	No	
2	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	77	General discharge outlet	4.88	DB34/3576-2020	12.74	/	No	
3	Huainan Conch	Particulate matter	Organised	104	General discharge outlet	4.82	DB34/3576-2020	7.15	/	No	
4	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	53	General discharge outlet	2.45	DB32/4149-2021	10.08	/	No	
5	Shanghai Conch Mingzhu Cement Co., Ltd.	Particulate matter	Organised	32	General discharge outlet	5.91	GB4915-2013	5.54	17.00	No	
6	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	4.90	DB32/4149-2021	24.45	/	No	
7	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	148	General discharge outlet	7.40	DB32/4149-2021	35.59	/	No	
8	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	8.40	GB4915-2013	51.14	/	No	
9	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	8.91	GB4915-2013	46.50	/	No	
10	Ningde Conch Cement Co., Ltd.	Particulate matter	Organised	36	General discharge outlet	2.30	DB35/1311-2013	6.29	/	No	
11	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	6.35	DB32/4149-2021	12.74	/	No	
12	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	4.67	GB4915-2013	18.46	/	No	
13	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	91	General discharge outlet	4.22	GB4915-2013	13.37	/	No	
14	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	96	General discharge outlet	4.23	GB4915-2013	14.86	/	No	

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No.	Name of companies	Name of major pollutants and special types of pollutants			Discharge mode	Number of discharge outlets		Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
15	Wuhu Conch Plastic Products Co., Ltd.	Non-methane hydrocarbon	Organised	3	General discharge outlet			0.75	DB13/2322-2016	0.80	/	No	
16	Jinxian Conch Cement Co., Ltd.	Particulate matter	Organised	61	General discharge outlet			7.92	GB4915-2013	42.69	/	No	
17	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet			6.50	GB4915-2013	57.61	/	No	
18	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	51	General discharge outlet			5.00	GB4915-2013	5.71	/	No	
19	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	168	General discharge outlet			6.46	DB32/4149-2021	17.65	/	No	
20	Guangyuan Conch Plastic Packaging Co., Ltd.	Particulate matter	Organised	3	General discharge outlet			2.56	HJ 836-2017	0.24	/	No	
		Non-methane hydrocarbon	Organised					0.74	HJ 38-2017	0.19	/	No	
		Odor concentration	Organised					893	GB T14675-1993	/	/	No	
(Non-dimensional)													
21	Yingde Conch Plastic Packaging Co., Ltd.	Particulate matter	Organised	2	General discharge outlet			15.60	DB44/27-2001	1.17	/	No	
		Volatile organic compound	Organised					2	General discharge outlet	3.75	DB44/815-2010	0.22	/
22	Jianghua Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet			3.11	DB34/1357-2017	0.13	/	No	
23	Anhui Ningchang Plastic Packaging Co., Ltd.	Particulate matter	Organised	1	General discharge outlet			8.75	GB31572-2012	0.22	/	No	
		Non-methane hydrocarbon	Organised					3	General discharge outlet	1.56	GB31572-2012	0.99	/
24	Baoji Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet			3.60	DB61/T 1061-2017	0.43	/	No	
25	Guiding Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet			2.24	GB16297-1996	0.09	/	No	



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No.	Name of companies	Name of major pollutants and special types of pollutants		Number of discharge		Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Total amount of approved discharge (tonne/year)	Excessive discharge
		Discharge mode	Discharge outlets	Discharge outlets							
26	Changjiang Conch Huangsheng Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	1.73	GB31572-2015	0.80	/	No	
27	Chizhou Conch New Material Co., Ltd.	Particulate matter	Organised	31	General discharge outlet	3.15	GB16297-1996	2.99	/	No	
28	Jiangxi Yiyang Conch New Building Material Co., Ltd.	Particulate matter	Organised	46	General discharge outlet	9.04	GB16297-1996	10.37	/	No	
29	Chongqing Duoji Renewable Resources Co., Ltd.	Particulate matter	Organised	7	General discharge outlet	13.28	DB50/656-2016	1.13	/	No	
30	Chifeng Conch Cement Co., Ltd.	Particulate matter	Organised	24	General discharge outlet	16.00	GB4915-2013	1.71	/	No	
		Sulfur dioxide	Organised	1	General discharge outlet	218.30	GB4915-2013	29.63	/	No	
		Nitrogen oxides	Organised	1	General discharge outlet	244.60	GB4915-2013	33.28	/	No	
31	Tongchuan Conch New Material Co., Ltd.	Particulate matter	Organised	1	General discharge outlet	3.89	DB61941-2014	3.45	/	No	
32	Naimanqi Xingta Renewable Resources Co., Ltd. ^{Note}	Particulate matter	Organised	1	Kiln tail	/	GB 31573-2015	/	/	No	
		Sulfur dioxide	Organised	1	Kiln tail	/	GB 31573-2015	/	/	No	
		Nitrogen oxides	Organised	1	Kiln tail	/	GB 31573-2015	/	/	No	
		Sulfur dioxide	Organised	1	Vertical mill	23.67	GB16297-1996	4.49	/	No	
		Nitrogen oxides	Organised	1	Vertical mill	105.33	GB16297-1996	19.97	/	No	
		Particulate matter	Organised	1	Vertical mill	44.67	GB16297-1996	8.47	/	No	
		Particulate matter	Organised	16	General discharge outlet	/	GB 31573-2015	/	/	No	
		Particulate matter	Organised	4	General discharge outlet	55.02	GB16297-1996	10.43	/	No	

Note: During the Reporting Period, the lime kiln system of Naimanqi Xingta Renewable Resources Co., Ltd. was not in production and operation, and did not emit pollutants.



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3. Environmental protection effort and achievements of the Group

During the Reporting Period, the Group comprehensively implemented the national environmental protection policy, strictly executed the requirements of various environmental protection laws, regulations and standards, continuously strengthened environmental protection management, constantly increased effort for environmental protection and actively leveraged the advantages of resources coordination between the Company's headquarters and Regional Committees to guide the subordinate subsidiaries in strengthening the operation and maintenance of environmental protection equipment, and coordinated the promotion of various environmental protection technological modification works. Therefore, the level of environmental protection management has continued to increase, various environmental pollution control measures operated efficiently and various pollutants were stably emitted in compliance with discharge standards. During the Reporting Period, the Group invested a total of RMB1.55 billion in the implementation of various environmental protection technological reforms.

During the Reporting Period, in terms of reducing nitrogen oxide emissions, the Group had completed SCR denitration technological modification for 19 clinker production lines. As of the end of the Reporting Period, SCR denitration technological modification for a total of 83 clinker production lines had been completed, achieving an ultra-low emission rate for nitrogen oxides after technological modification. In terms of reducing sulfur dioxide emission, the Group has extended and continued to promote the construction of wet desulfurization project for 3 clinker production lines. As at the end of the Reporting Period, the supporting wet desulfurization projects for a total of 40 clinker production lines had been in operation. The average emission concentration of sulfur dioxide is controlled below 50mg/m³. In terms of particulate matter emission reduction, the Group had completed the technological modification of replacement of electric dust collection with bag dust collection for 1 set of main dust collector, with a total of 249 sets completed on an accumulative basis as of the end of the Reporting Period. After technological modification, the average emission concentration of particulate matter is less than 10mg/m³, which is better than the national and local emission standards. During the Reporting Period, a total of 10 subsidiaries of the Group passed the A-Class enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry. As at the end of the Reporting Period, a total of 21 base companies passed the A-Class enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry and 17 grinding station companies passed the leading enterprise appraisal of performance grading in terms of heavy pollution weather in cement industry.



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In terms of reducing carbon dioxide emission, the Group earnestly implemented the requirements of national carbon peak and carbon neutral policies, studied and formulated the Company's mid and long-term route for reduction of carbon emission, and promoted the implementation of carbon emission reduction projects in an orderly manner. During the Reporting Period, the Group implemented technological modification for comprehensive energy efficiency improvement for some clinker production lines, used advanced energy-saving and emission-reduction technology and equipment in the cement industry and extensively carried out upgrades to and modification for grate coolers. The Group also adopted modification for low-nitrogen decomposition furnaces, replaced raw material grinding mill with roll squeezer, and used high-efficiency fans and new insulative nanomaterials. During the Reporting Period, a total of 17 clinker production lines completed technological modification for comprehensive energy efficiency improvement, resulting in a cumulative total of 54 clinker production lines having completed technological modification for comprehensive energy efficiency improvement as at the end of the Reporting Period. At the same time, the Group adopted coal-burning accelerants, to reduce coal consumption indicators in all respects, so as to reduce carbon dioxide emissions. The Group actively explored the areas of alternative fuels and new energy sources, continued to optimize the energy consumption structure. Combining with the surrounding supply chain, the Group expanded the use of alternative fuels according to local conditions, so as to further reduce the carbon dioxide emissions from the combustion of fossil fuels. Meanwhile, the Group has accelerated the development of new energy industry chain, continued to promote the construction of photovoltaic and wind power generation projects, completed the BIPV photovoltaic building materials project in Xuancheng City, Anhui Province, and continued to promote the construction of integrated photovoltaic industry projects in Fengyang County, Anhui Province, so as to build a photovoltaic whole industry chain and industrial clusters. The Group has continued to increase the research and development of advanced technologies for energy conservation and carbon reduction, actively explored cutting-edge technologies such as hydrogen combustion in cement kilns, carbonised fibreboard, carbon dioxide electrocatalytic preparation of syngas, etc. The Group has completed the world's first carbon dioxide energy storage demonstration system in the cement industry in Wuhu Conch, which has accelerated the Company's green and low-carbon transformation and development. According to the Group's self-accounting data, in 2023, the Group's cumulative emissions of carbon dioxide amounted to 183.78 million tonnes, representing a decrease of 20.27 million tonnes and a year-on-year decrease of 9.9% as compared to 2022.



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

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

During the Reporting Period, Wuhu South Cement Co., Ltd., a subsidiary of the Company, received an administrative penalty decision issued by Wuhu City Ecology and Environment Bureau. Upon review, Wuhu City Ecology and Environment Bureau has revoked the aforementioned penalty decision in December 2023.

Due to the violation of the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), Guizhou New Shuanglong Cement Co., Ltd., a subsidiary of the Company, received an administrative penalty decision issued by Bozhou Branch of Zunyi City Ecological Environment Bureau of Guizhou Province, and an administrative fine of RMB24,000 was imposed.

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

5. Other required disclosures related to environmental information

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



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(2) SOCIAL RESPONSIBILITY WORK

For the social responsibility work proactively carried out by the Group during the Reporting Period, please refer to the 2023 Environment, Social and Governance Report of the Company published on the websites of the SSE, the Stock Exchange and the Company on the same day as this annual report.

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

2023 is a key year to the effective convergence of the consolidation and expansion of the achievements in poverty alleviation and rural revitalization. During the Reporting Period, combined with the enterprise's own characteristics, the Group has taken various measures to promote the consolidation and expansion of achievements in poverty alleviation and rural revitalization work.

The Group continued to thoroughly implement relevant decisions and plans of the state and the Anhui Provincial Government, increased its effort in participating the poverty alleviation work in certain areas in Anhui Province, including Jianglaojia Village in Jiangji Town of Lixin County, Wangren Town of Lixin County, Zhong Village in Banqiaotou Town of Jixi County, and Pingding Village in Yanqiao Town of Wuwei City. The Group has carried out industrial assistance, consumption assistance to agriculture, improvement of living environment, cultural construction and assistance to the underprivileged. Specific works of the Group include: (1) taking into account the actual situation of the villages to be assisted, the Group vigorously supported the development of industries with local features, helped upgrading and transforming agricultural by-products processing factories, and promoted the improvement of industrial scale; (2) the Group has mobilized subsidiaries to actively purchase agricultural by-products in poverty-alleviation areas, and expanded the exhibition and sale channels of high-quality agricultural by-products in poverty-alleviation areas so as to increase agricultural income and prevent returning to poverty; (3) the Group regularly carried out village-level environmental improvement work and improved village infrastructure. During the Reporting Period, cement of a total value of approximately RMB150,000 was donated to the poverty-alleviation villages for the construction of road shoulders and village lanes to improve the living environment and assist in the construction of livable and beautiful villages; (4) the Group guided the cadres stationed in the villages to continue to promote good village customs in the poverty-alleviation areas, and organised a series of cultural activities to enrich the cultural life of the villagers; and (5) during the Reporting Period, the Company donated RMB500,000 in cash to the "Anhui Future Healthy Children Development Foundation" which was utilized for a series of public welfare actions, such as relief for poor children with serious illnesses and popularisation of children's health knowledge, contributing to the development of children's health in Anhui Province. Basu Conch Cement Co., Ltd., a subsidiary of the Company, donated materials of nearly RMB500,000 in value to the disadvantaged groups in surrounding villages, etc., and took the initiative to purchase local agricultural by-products with sluggish sales amounting to nearly RMB1 million, thus contributing positively to the improvement of local people's livelihood as well as the national unity.



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



7. Significant Events

(1) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by controlling shareholders of the Company and other related parties. Specific statement issued by KPMG Huazhen LLP was published on the websites of SSE, Stock Exchange and the Company on the same date of publication of this report.

(2) NON-COMPLIANCE IN PROVIDING GUARANTEES

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

(3) ANALYSIS AND EXPLANATION ON THE REASONS AND IMPACT OF THE CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

During the Reporting Period, there was no change in the accounting policy and accounting estimates of the Company.

(4) AUDITORS AND REMUNERATION

Pursuant to the resolution considered and approved at the 2022 annual general meeting of the Company, the Company engaged KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company for the year ended 31 December 2023, respectively, and engaged KPMG Huazhen LLP as the internal control auditor of the Company for the year of 2023. The financial audit services fees and internal control audit services fees payable to KPMG by the Company for the year ended 31 December 2023 amounted to RMB5.4 million and RMB0.8 million, respectively, totaling RMB6.2 million.

KPMG was first appointed as the auditors of the Company in 2006 and has provided audit services for the Company for 18 consecutive years. The Company has not changed the auditors in any of the past three years. In accordance with the relevant requirements of the Requirements on the Regular Rotation of the Endorsing Accountants for Securities and Futures Auditing Services (《關於證券期貨審計業務簽字註冊會計師定期輪換的規定》) promulgated by the CSRC and the Ministry of Finance of the PRC, KPMG has regularly rotated the endorsing accountant.



7. Significant Events

Upon completing the annual audit work of the Company for 2023, KPMG had served as the auditors of the Company for 18 consecutive years, which had reached the prescribed time limit for consecutive appointment of accounting firms under the Administrative Measures for the Appointment of Accounting Firms. Therefore, on 29 December 2023, the Board considered and approved the appointment of EY as the auditors of the Company for 2024. For details, please refer to the announcements issued by the Company on the websites of the Stock Exchange and the Company on 29 December 2023 and the website of the SSE on 30 December 2023. The proposed appointment of auditors shall be subject to approval by shareholders at the 2023 annual general meeting of the Company.

(5) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

(6) MATERIAL LITIGATION AND ARBITRATION

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

(7) PENALTIES AND/OR REMEDIES FOR LEGAL AND REGULATORY NON-COMPLIANCE BY THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

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

(8) STATUS OF INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

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



7. Significant Events

(9) MATERIAL CONNECTED TRANSACTIONS

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

1. Connected transactions or continuing connected transactions in the course of daily operations

(1) Transactions with Conch Holdings – use of trademarks

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

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB40.87 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders’ approval requirement.



7. Significant Events

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

On 29 December 2022, the Company and Conch Technology entered into the Procurement of Cement Admixtures (Grinding Aids) Contract, with a validity period from 1 January 2023 to 31 December 2023. Pursuant to the contract, the Group would procure cement grinding aids from Conch Technology and/or its relevant subsidiaries. The aggregate transaction amount (i.e. the annual cap) was estimated to be not more than RMB850 million.

The aggregate transaction amount of the Procurement of Cement Admixtures (Grinding Aids) Contract was mainly determined after taking into account the estimated total procurement quantity of cement grinding aids needed according to the Group's cement production plan for the year of 2023 and the procurement unit price as determined through open tender, with reference to the historical transaction amounts of previous similar transactions. In conducting the open tender, the Company rated a total of four suppliers (one of which being Conch Technology and the other three being independent third parties) who participated in this open tender, based on their operation results, credibility of contract performance, financial status, credit status, overall strengths, and after-sales service, etc. Rating was also made on the price quotations of their products, ranking from the lowest to the highest. According to the rating results, Conch Technology was selected as the Group's domestic cement grinding aid supplier. In addition, in order to safeguard the interests of both parties, during the validity period of the contract, both parties may adjust the purchase price on a quarterly basis, based on the fluctuations of market price (in case of significant fluctuations) of the key raw materials for the production of grinding aids.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Procurement of Cement Admixtures (Grinding Aids) Contract was RMB823 million.



7. Significant Events

Conch Holdings, a controlling shareholder of the Company, holds 100% shares in Conch Tech Innovation Material. As of the date of the above contract, Conch Tech Innovation Material held 50.72% shares in Conch Technology. Therefore, pursuant to Chapter 14A of the HKSE Listing Rules, Conch Technology is an associate of Conch Holdings, and hence a connected person of the Company, and the transactions contemplated under the Procurement of Cement Admixtures (Grinding Aids) Contract thus constituted continuing connected transactions for the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 29 December 2022. According to the SSE Listing Rules, Conch Technology is also a connected party of the Company, and the transactions under the above contract also constituted connected transactions under its definition. However, as the above contract amount had not reached 0.5% of the Company's latest audited net assets, and the transaction took place through an open tender, the Company was not required to publish an ad hoc announcement on the website of the SSE in relation to the above-mentioned transaction.

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

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

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

The contract price of the Combustion Accelerants Procurement Contract was mainly determined based on the Group's production plan during the period from 25 August 2022 to 31 December 2023 and the procurement unit price as determined by way of open



7. Significant Events

tender. In order to maximize the Group's benefits from the procurement of combustion accelerants, upon arm's length negotiations, the final procurement unit price was reduced by about 1% of the unit price quoted in the winning bids.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Combustion Accelerants Procurement Contract was RMB57.85 million.

Conch Holdings, a controlling shareholder of the Company, holds 100% shares in Conch Tech Innovation Material. Conch Tech Innovation Material holds 100% shares in Conch Accelerants Manufacturing Company. Therefore, pursuant to Chapter 14A of the HKSE Listing Rules, Conch Accelerants Manufacturing Company is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Combustion Accelerants Trial Contract and the Combustion Accelerants Procurement Contract constituted continuing connected transactions for the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 25 August 2022 and 2 September 2022, respectively. According to the SSE Listing Rules, Conch Accelerants Manufacturing Company is also a connected party of the Company, and the transactions under the above two contracts also constituted connected transactions for the Company. However, since the total amount of the above two contracts had not reached 0.5% of the latest audited net assets of the Company, and transactions contemplated under the Combustion Accelerants Procurement Contract were conducted through open tender, the Company was not required to publish an ad hoc announcement for the aforesaid transactions on the website of the SSE.

(4) Transactions with Haihui Company – supply chain logistic transportation service

On 29 December 2022, the Company and Haihui Company entered into the Supply Chain Logistic Transportation Service Contract for 2023 ("Transportation Service Contract (2023)"), with a validity period from 1 January 2023 to 31 December 2023. Pursuant to the contract, Haihui Company would provide supply chain logistic transportation service for the Group's cement, clinker, aggregate and other products. The aggregate transaction amount (i.e. the annual cap) was estimated to be not more than RMB1 billion.



7. Significant Events

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

Through evaluation and analysis of the results of the transportation services provided by Haihui Company, the Group believed that the logistic and transportation costs had been reduced by way of conducting transportation tenders through Haihui Company. Therefore, the Group continued to increase the transportation volume for products and type of products for transportation by way of conducting tenders through Haihui Company. On 26 September 2023, taking into account the actual transaction amount under the Transportation Service Contract (2023) and the estimation of the transportation volume of the Group's products up to 31 December 2023, the Company and Haihui Company entered into the Supplemental Contract to the Supply Chain Logistic Transportation Service Contract to adjust the estimated aggregate transaction amount (i.e. the annual cap) under the Transportation Service Contract (2023) from not exceeding RMB1 billion to not exceeding RMB2 billion. The validity period of the Supplemental Contract to the Supply Chain Logistic Transportation Service Contract was from 26 September 2023 to 31 December 2023. Save for the revision of the cap for the transaction amount in 2023 as amended by the Supplemental Contract to the Supply Chain Logistic Transportation Service Contract, all other terms and conditions of the Transportation Service Contract (2023) remained the same and were in full force and effect.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Transportation Service Contract (2023) (as amended by the Supplemental Contract to the Supply Chain Logistic Transportation Service Contract) was RMB1,931 million.



7. Significant Events

Haihui Company is a non-wholly owned subsidiary of the Company. As of the date of the Transportation Service Contract (2023), the Company, Conch New Material and Conch IT Engineering held 50%, 20% and 10% equity interest in Haihui Company respectively, while Beijing Huitong held 20% equity interest in Haihui Company. Both Conch New Material and Conch IT Engineering were subsidiaries of Conch Holdings, a controlling shareholder of the Company. Accordingly, each of Conch New Material and Conch IT Engineering was an associate of Conch Holdings and hence a connected person of the Company. Pursuant to Chapter 14A of the HKSE Listing Rules, Haihui Company is a connected subsidiary of the Company and hence a connected person of the Company, the transactions contemplated under the Transportation Service Contract (2023) (as amended by the Supplemental Contract to the Supply Chain Logistic Transportation Service Contract) thus constituted continuing connected transactions for the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 29 December 2022 and 26 September 2023 respectively. According to the SSE Listing Rules, Haihui Company is not a connected party of the Company, and hence the above-mentioned transactions did not constitute connected transactions for the Company as prescribed under the SSE Listing Rules.

On 29 December 2023, the Company and Haihui Company entered into the Supply Chain Logistic Transportation Service Contract for 2024 (the “Transportation Service Contract (2024)”), with a validity period from 1 January 2024 to 31 December 2024. Pursuant to the contract, Haihui Company will provide supply chain logistic transportation service for the Group’s cement, clinker, aggregate, coal and other products. The aggregate transaction amount (i.e. the annual cap) were estimated to be not more than RMB2.3 billion.



7. Significant Events

The estimated aggregate transaction amount of the Transportation Service Contract (2024) was mainly determined after taking into account the reasonable estimation of the transportation volume (with reference to the production and transportation volume of various products in 2023) according to the Group's production plans for cement, clinker, aggregate, coal and other products for the year of 2024, and the transportation unit price of various types of products, as determined through open tender to be conducted by the relevant subsidiaries of the Company through Haihui Company. During the process of open tender through Haihui Company, the relevant subsidiaries of the Company shall, based on factors including the quantity of consigned products, mode of transportation and transportation distance, review and compare the transportation quotations offered by not less than three independent third party qualified carriers who submitted a bid; and the bidder who would offer the lowest price shall be selected. The relevant subsidiaries of the Company may further negotiate with the successful bidder on an arm's length basis, with the aim to further lower the transportation unit price as quoted in the successful bid. In addition, the Company also referred to the historical transaction amount under the contracts for 2022 and 2023 when determining the estimated aggregate transaction amount under the Transportation Service Contract (2024).

Haihui Company is a non-wholly owned subsidiary of the Company. As at the date of entering into the Transportation Service Contract (2024), the Company, Conch New Material and Conch IT Engineering held 65.6%, 20% and 10% equity interest in Haihui Company respectively, while Beijing Huitong held 4.4% equity interest in Haihui Company. Both Conch New Material and Conch IT Engineering were subsidiaries of Conch Holdings, a controlling shareholder of the Company. Accordingly, each of Conch New Material and Conch IT Engineering was an associate of Conch Holdings and hence a connected person of the Company. Pursuant to Chapter 14A of the HKSE Listing Rules, Haihui Company is a connected subsidiary of the Company and hence a connected person of the Company, the transactions contemplated under the Transportation Service Contract (2024) thus constitute continuing connected transactions for the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 29 December 2023. According to the SSE Listing Rules, Haihui Company is not a connected party of the Company, and hence the aforementioned transactions do not constitute connected transactions for the Company as prescribed under the SSE Listing Rules.



7. Significant Events

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

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

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

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Intelligent and Information System Operation and Maintenance Contract was RMB16.54 million.



7. Significant Events

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

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

On 30 May 2022, the Company and Conch IT Engineering entered into the Intelligent and Informatization Project Equipment Supply and Software Design Contract, pursuant to which Conch IT Engineering would supply equipment and provide software design services for the intelligent and informatization projects of certain subsidiaries of the Company. The contract price amounted to RMB238.31 million. On the same day, the Company and Conch IT Engineering entered into the Production Process Control and Quality Management System Design and Technical Service Contract, pursuant to which Conch IT Engineering would provide design and technical services for the production process control system software, sales and product dispatch system, production data uploading and quality management system of the clinker production lines, grinding stations, aggregate, commodity concrete and technology modification projects of certain subsidiaries of the Company. The contract price amounted to RMB32.00 million.



7. Significant Events

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

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

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Intelligent and Informatization Project Equipment Supply and Software Design Contract between the Company and Conch IT Engineering was RMB97.76 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to intelligent and informatization equipment supply and software design between the Company and Conch IT Engineering during the Reporting Period amounted to RMB101.91 million. During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Production Process Control and Quality Management System Design and Technical Service Contract was RMB11.42 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to production process control and quality management system design and technical services between the Company and Conch IT Engineering during the Reporting Period amounted to RMB12.79 million.



7. Significant Events

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

3. Transactions with Conch Design Institute – engineering project design and technology services, preheater equipment design and supply services and SCR denitration technology modification services

(1) *Engineering project design and technology services*

On 17 July 2023, the Company and Conch Design Institute entered into the Engineering Project Design and Technology Service Contract, pursuant to which Conch Design Institute would provide engineering design and/or technology modification services for projects such as aggregate, manufactured sand, commodity concrete, grinding stations and roller presses technology modification projects and comprehensive projects of certain subsidiaries of the Company, as well as large-scale special modification projects and engineering consulting service. The total contract price amounted to RMB128.70 million.

The contract price of the Engineering Project Design and Technology Service Contract was determined with reference to the Engineering Survey Design Fee Standard (《工程勘察設計收費標準》) and the Provisional Provisions on Preparation Works Consultation Charges for Construction Projects (《建設項目前期工作諮詢收費暫行規定》), as well as the scale, investment amount, scope of design, technology indicators of each project, the prevailing market prices for provision of similar services, and agreed between both parties on the basis of equality and mutual benefit.



7. Significant Events

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the Engineering Project Design and Technology Service Contract was RMB61.91 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to engineering project design and technology services between the Group and Conch Design Institute during the Reporting Period amounted to RMB130.76 million.

(2) Preheater equipment design and supply services

On 3 February 2023, the Company and Conch Design Institute entered into two Sale and Purchase Contracts in relation to preheater equipment design and supply service (“two Preheater Sale and Purchase Contracts”), pursuant to which Conch Design Institute provided Grade-6 preheater equipment design and supply service for the clinker production lines of two subsidiaries of the Company, respectively. The contract price of each contract amounted to RMB32.00 million and the total contract price of the two Preheater Sale and Purchase Contracts amounted to RMB64.00 million.

The contract price of the two Preheater Sale and Purchase Contracts was determined (i) based on the quotation provided by Conch Design Institute in an open tender, and upon arm’s length negotiations between the Company and Conch Design Institute, the price quoted in the open tender was reduced by about 10%, and (ii) according to the information supplied by Conch Design Institute to the Company, the Company took reference to the prices offered by Conch Design Institute to its independent third party customers for similar or comparable equipment design and supply services in the past 12 months, being not more favorable than those offered to the Company by Conch Design Institute.

During the Reporting Period, the actual transaction amount (inclusive of tax) under the two Preheater Sale and Purchase Contracts was RMB44.80 million.

(3) SCR denitration technology modification services

On 16 January 2023, the Company and Conch Design Institute entered into the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract, pursuant to which Conch Design Institute would provide engineering design, technology calibration and equipment supply and adjustment services for the SCR denitration technology modification projects for eight clinker production lines of certain subsidiaries of the Company. The contract price amounted to RMB64.00 million.



7. Significant Events

The contract price of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was determined with reference to the requirements under the Engineering Survey Design Fee Standard, as well as the project scale, scope of design, technology indicators and the market prices for SCR denitration technology modification services, and as agreed between the parties on the basis of equality and mutual benefit. The Company had also made enquiries and comparisons of prices offered by no less than three independent third party service providers and the price offered to the Company by Conch Design Institute had significant price advantage.

During the Reporting Period, the actual transaction amount (inclusive of tax) in relation to the execution of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was RMB36.78 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) with respect to the transactions relating to SCR denitration technology modification services between the Company and Conch Design Institute during the Reporting Period amounted to RMB114.99 million.

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings. Pursuant to Chapter 14A of the HKSE Listing Rules, Conch Design Institute is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Engineering Project Design and Technology Service Contract, the two Preheater Sale and Purchase Contracts and the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract constituted connected transactions for the Company. Pursuant to Rule 14A.81 of the HKSE Listing Rules, the transactions contemplated under the abovementioned four contracts were all entered into by the Group and the same parties within a 12-month period, and therefore such transactions would be aggregated as if they were one transaction. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 17 July 2023. According to the SSE Listing Rules, Conch Design Institute is also a connected party of the Company and the transactions under the abovementioned four contracts also constituted connected transactions. However, as the aggregate contract amount of the contracts (including the abovementioned four contracts) entered into by the Group with Conch Design Institute within 12 consecutive months had not reached 0.5% of the latest audited net assets of the Company, the Company was not required to publish an ad hoc announcement for the said connected transactions on the website of the SSE.



7. Significant Events

4. Connected transactions in relation to equity acquisitions

On 15 December 2023, the Company (as a transferee) entered into the Equity Transfer Agreement in respect of Anhui Conch Information Technology Engineering Co., Ltd. with Conch Holdings (as the transferor) and Conch IT Engineering (as the target company), pursuant to which, the Company would acquire 100% equity interests in Conch IT Engineering held by Conch Holdings at an acquisition consideration of RMB126.40 million.

The acquisition consideration was determined by the Company and Conch Holdings through negotiation on the basis of equality and the principle of fairness with reference to the appraised value of the entire equity interest of Conch IT Engineering as at 31 July 2023 appraised by an independent valuer. According to the valuation report issued by the independent valuer, as at 31 July 2023, the appraised value of total equity interest of Conch IT Engineering adopting the income approach was RMB126.40 million.

As of the date of this report, the acquisition had been completed. The Company holds 100% equity interest of Conch IT Engineering which becomes a wholly-owned subsidiary of the Company, and the Company had paid the acquisition consideration of RMB126.40 million to Conch Holdings.

As at the date of the agreement, Conch Holdings, a controlling shareholder of the Company, held approximately 36.40% of all issued shares of the Company, it is a connected person of the Company. Pursuant to Chapter 14A of the HKSE Listing Rules, the acquisition of Conch IT Engineering constituted a connected transaction of the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 15 December 2023 and 12 January 2024 respectively. According to the SSE Listing Rules, Conch Holdings is also a connected party of the Company, and the acquisition of Conch IT Engineering also constituted a connected transaction under its definition. However, since the acquisition consideration has not reached 0.5% of the Company's latest audited net assets, the Company was not required to publish an ad hoc announcement for such acquisition on the website of the SSE.



7. Significant Events

5. Connected transactions in relation to joint external investments with connected parties (connected persons)

- (1) On 6 June 2023, the Company (as a limited partner) entered into the Partnership Agreement of Anhui Conch Haitong Industrial Internet Master Fund Partnership (Limited Partnership) and its supplemental agreement with Haitong Capital (as a general partner) and five other limited partners including Conch Capital, Wuhu Industrial Investment, High New Fund, Zhenye Investment and Ningbo Shangyi, for the joint investment in the Industrial Internet Master Fund as a limited partnership, with a total capital contribution amount of RMB5 billion, of which RMB1.5 billion would be contributed by the Company and RMB0.5 billion would be contributed by Conch Capital.
- (2) On 8 September 2023, the Company (as a limited partner) entered into the Partnership Agreement of Anhui Conch Goldstone Innovation Development Investment Fund Partnership (Limited Partnership) with two general partners namely, Goldstone Investment and CITIC Private Equity, as well as five other limited partners including Conch Capital, Wuhu Industrial Investment, CITIC City West LP, Anhui Expressway and Goldstone Runze LP, for the joint investment in and establishment of the Innovation Development Investment Fund as a limited partnership, with a total capital contribution amount of RMB5 billion, of which RMB1 billion would be contributed by the Company and RMB1 billion would be contributed by Conch Capital.

For details of the joint investments made by the Company and Conch Capital in the Industrial Internet Master Fund and the Innovation Development Investment Fund, please refer to paragraphs (2) and (3) of “7. Cooperation and Investment with Private Equity Fund” under “(1) Principal Investments during the Reporting Period” in Chapter 4 “Report of the Directors” of this report.

Conch Capital is a wholly-owned subsidiary of Conch Holdings (among which 95% of Conch Capital’s equity interest is held by Conch Holdings and the remaining 5% equity interest of Conch Capital is held by Conch Tech Innovation Material, a wholly-owned subsidiary of Conch Holdings) and is therefore an associate of Conch Holdings and a connected person of the Company under Chapter 14A of the HKSE Listing Rules. The joint investments in the Industrial Internet Master Fund and the Innovation Development Investment Fund constituted connected transactions for the Company respectively. According to the SSE Listing Rules, Conch Capital is also a connected party of the Company, and the joint investments in the above funds also constituted connected transactions under its definition.



7. Significant Events

Confirmation by independent non-executive Directors on connected transactions

During the Reporting Period, the Group's connected transactions had been entered into in the ordinary and usual course of business of the Group, and were entered into on normal commercial terms or better and on an arm's length basis. Such transactions were conducted in accordance with relevant agreements, and the terms thereof are fair and reasonable to the Group and in the interests of the shareholders of the Company as a whole, and did not exceed the caps (if any) disclosed in the previous announcements. All the continuing connected transactions as stated above were reviewed and confirmed by the independent non-executive Directors.

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

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



7. Significant Events

(10) MATERIAL CONTRACTS

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

2. **Guarantees**

During the Reporting Period, all the external guarantees of the Group were in compliance with the approval procedures of the Board and/or the general meeting of the Company. The guarantees provided by the Group to its majority-owned and invested companies in aggregate amounted to RMB1,214.23 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Guarantor	Shareholding proportion of the guarantor	Amount guaranteed by the guarantor (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	Indonesia Conch	The Company	75%	219,560 (USD31.00 million)	2 years	2023.3.6	Mitsubishi Bank of Japan
2	Jiayuguan Haizhong Environmental Protection Technology Co., Ltd.	Anhui Haizhong Environmental	100%	60,000	7 years	2023.6.6	Bank of China, Jiayuguan Branch
3	Battambang Conch Cement Co., Ltd.	The Company	60%	42,500 (USD6.00 million)	1 year	2023.6.13	Industrial and Commercial Bank of China Limited, Phnom Penh Branch
4	Yunfu Haizhong Environmental Protection Technology Co., Ltd.	Anhui Haizhong Environmental	100%	20,000	5 years	2023.7.11	Bank of China, Yunfu Branch
5	Papua Cement	The Company	49%	141,120 (USD19.60 million)	1 year	2023.8.4	China CITIC Bank International
6	Qingyang Conch Environmental Protection Technology Co., Ltd. ("Qingyang Conch Environmental Protection")	Conch Environment Group	80%	110,000	7 years	2023.8.10	Bank of China, Qingyang Branch
7	Indonesia Conch	The Company	75%	347,050 (USD49.00 million)	1 year	2023.9.19	PT Bank BTPN Tbk

7. Significant Events

No.	Guaranteed company	Guarantor	Shareholding proportion of the guarantor	Amount guaranteed by the guarantor (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
8	Tongchuan Conch Yaobai Environmental Protection Technology Co., Ltd. ("Tongchuan Conch Environmental Protection")	Conch Environment Group	60%	70,000	5 years	2023.9.26	China Merchants Bank, Xi'an Branch
9	Jinzhou Jinliyuan Environmental Protection Technology Co., Ltd. ("Jinzhou Environmental Protection")	Conch Environment Group	80%	110,000	8 years	2023.9.27	China Minsheng Bank, Wuhu Branch
10	Shaoguan Conch Venture Hongfeng Green Environmental Protection Technology Co., Ltd. ("Shaoguan Conch Venture Environmental Protection")	Conch Environment Group	51%	94,000	7 years	2023.9.28	China Merchants Bank, Wuhu Branch
Total				1,214,230			

Notes: 1. The Company provided full guarantee on a 100% basis for Indonesia Conch, which provided a counter-guarantee to the Company through asset pledge; Conch Environment Group provided full guarantee for Tongchuan Conch Environmental Protection, Shaoguan Conch Venture Environmental Protection, Jinzhou Environmental Protection and Qingyang Conch Environmental Protection on a 100% basis, and other minority shareholders pledged their equity interest or provided counter-guarantee to Conch Environment Group based on their shareholdings; the remaining guarantees were provided by the guarantors to guaranteed companies in proportion to their respective shareholding ratio.

2. Except for the guarantee amount of USD19.6 million for Papua Cement, which was converted at the mid-point rate of the exchange rate on the date of its drawdown as agreed with China CITIC Bank International, the amount presented in RMB for the USD-denominated loans guaranteed by the Company was converted at the mid-point rate of the USD/RMB exchange rate published by the People's Bank of China on the last trading day in 2023.

During the Reporting Period, the aggregate amount of guarantees provided by Company to its subsidiaries was RMB609.11 million, the aggregate amount of guarantees provided by Company to joint ventures was RMB141.12 million, and the aggregate amount of guarantees provided by the Company's subsidiaries to subsidiaries which are within the scope of the consolidated financial statements of the Group was RMB464 million.



7. Significant Events

As at the end of the Reporting Period, the balance of the external guarantees provided by the Company (including guarantees provided to subsidiaries and joint ventures) amounted to an equivalent of RMB3,527.74 million (comprising RMB1,361.01 million and USD305.59 million), the balance of guarantee provided by the Company's subsidiaries to subsidiaries which are within the scope of the consolidated financial statements of the Group was RMB3,433.37 million, and the aggregate amount of guarantees amounted to RMB6,961.11 million, representing 3.76% of the net assets of the Group as at the end of the Reporting Period, of which the aggregate balance of the guarantees provided to subsidiaries amounted to RMB6,085.32 million and that to joint ventures amounted to RMB875.79 million.

During the Reporting Period, the amount of guarantees provided by the Company and its subsidiaries to companies with a gearing ratio of over 70% amounted to RMB837.73 million.

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

(11) FINANCIAL ENTRUSTMENT AND LOAN ENTRUSTMENT

1. Financial entrustment

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

7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Performance comparison		Actual income	
					Amount (RMB in billion)	Undue amount (RMB in billion)		
1	HSBank Wealth Management Co., Ltd.	2 April 2021	7 April 2023	HSBank Wealth Management “Anying” Fixed Income Net Worth Wealth Management Products 210080	0.5	5.40%	0	54,370
2	CMB Wealth Management Company Limited	9 June 2021	14 June 2023	CMB Wealth Management Zhaorui Selected High Yield No. 12 Close-ended Fixed Income Wealth Management Plan	0.9	5.70%	0	104,340
3	CCB Wealth Management Co., Ltd.	30 December 2021	26 December 2024	CCB Wealth Management Institutions Exclusive “Ruixin” Fixed Income Close-ended Products 2021 Tranche 34	1	5.66%	1	/

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

2. Loan entrustment

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



7. Significant Events

On 22 October 2020, Jiande Conch entered into an entrusted loan contract with Chengli Building Material, pursuant to which, Jiande Conch continued to provide entrusted loan in the amount of RMB27.96 million to Chengli Building Material through Shouchang Sub-branch of Jiande Rural Commercial Bank and Chengli Building Material completed the registration of real estate mortgage. The loan has a term from 22 October 2020 to 21 October 2023 with an interest rate of 4.75% per annum settled on a quarterly basis. Chengli Building Material repaid in advance the loan principal of RMB8.16 million on 17 December 2021, RMB6.8896 million on 9 December 2022 and repaid RMB12.9104 million on 10 January 2023. As at the end of the Reporting Period, Chengli Building Material had repaid all the loans and interest.

- (2) In June 2022, the Company provided entrusted loans in the amount of not more than RMB10 billion to Fengkai Conch Transportation Investment Green Construction Material Co., Ltd., a majority-owned subsidiary of the Company, through Wuhu Zheshan Sub-branch of Industrial and Commercial Bank of China Limited. The counterparty shareholder, Zhaoqing Transportation Investment Mining Co., Ltd., provided counter-guarantee to the Company by pledging its 32% equity interest. The loan has a term from 15 June 2022 to 31 October 2026 with an interest rate of 4.65% per annum. As at the end of the Reporting Period, the outstanding principal amounted to RMB7.822 billion.

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

8. Changes in Shareholdings and Shareholders

(1) TOTAL NUMBER OF SHARES AND THE SHAREHOLDING STRUCTURE

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

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

(2) SUMMARY OF TRADING OF THE COMPANY'S SHARES IN 2023

	A Share/RMB	H Share/HK\$
Opening price on the first trading day of the year	27.39	27.15
Closing price on the last trading day of the year	22.56	18.04
Highest trading price during the year	32.30	31.75
Lowest trading price during the year	21.30	16.52

8. Changes in Shareholdings and Shareholders

(3) SHAREHOLDERS

- As at 31 December 2023, the total number of registered shareholders of the Company was 307,069, of which 116 were registered holders of H Shares. As at 29 February 2024, the total number of registered shareholders of the Company was 287,309, of which 120 were registered holders of H Shares.
- As at 31 December 2023, the shareholdings of the top ten registered shareholders of the Company are set out as follows:

Name of shareholder	Nature of shareholder	Change during the Reporting Period (share)	Number of shares	Percentage of shareholding (%)	Class of share	Status	Pledged, marked or frozen
			held at the end of the Reporting Period (share)				Number of shares (share)
1. Conch Holdings ^(Note 1)	State-owned legal person	-	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited ^(Note 2)	Foreign legal person	-285,900	1,298,021,710	24.49	H Share	Unknown	Unknown
3. China Securities Finance Corporation Limited	State-owned legal person	-	158,706,314	2.99	A Share	Unknown	Unknown
4. Hong Kong Securities Clearing Company Limited	Foreign legal person	-156,322,265	88,300,875	1.67	A Share	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	-	68,767,400	1.30	A Share	Unknown	Unknown
6. Industrial Bank Co., Ltd. – Xingquan Trend Investment Hybrid Securities Investment Fund (興全趨勢投資混合型證券投資基金)	Others	25,499,744	27,999,644	0.53	A Share	Unknown	Unknown
7. Guosen Securities Co., Ltd.	Others	220,100	18,532,701	0.35	A Share	Unknown	Unknown
8. Industrial and Commercial Bank of China Limited – Huatai Borui CSI 300 Trading Open-end Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金) ^{Note 6}	Others	7,881,311	17,785,892	0.34	A Share	Unknown	Unknown
9. Bank Negara Malaysia	Others	-	16,531,469	0.31	A Share	Unknown	Unknown
10. Anhui Conch Venture Group	Others	-	16,531,300	0.31	A Share	Unknown	Unknown

8. Changes in Shareholdings and Shareholders

Notes:

- (1) During the Reporting Period, there was no change in the number of shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, mark, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,021,710 H Shares, representing 24.49% of the total share capital of the Company, and 99.88% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) All the above shares are floating shares not subject to trading restrictions and do not include shares lent through refinancing.
- (4) The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.
- (5) As at the end of the Reporting Period, there was no designated repurchase account among the top ten registered shareholders of the Company.
- (6) As at the end of the Reporting Period, among the top ten registered shareholders of the Company, only Industrial and Commercial Bank of China Limited – Huatai Borui CSI 300 Trading Open-end Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金) was involved in the lending of the Company's shares through refinancing, and the number of the shares held by its general account, credit account and the shares lent through refinancing which had not yet been returned amounted to a total of 17,829,992 shares, with the total shareholding ratio of 0.34%, as set out below:

Shares held through ordinary account and credit account at the beginning of the Reporting Period		Shares lent through refinancing and not yet returned at the beginning of the Reporting Period		Shares held through ordinary account and credit account at the end of the Reporting Period		Shares lent through refinancing and not yet returned at the end of the Reporting Period	
Total number	Percentage	Total number	Percentage	Total number	Percentage	Total number	Percentage
(shares)	(%)	(shares)	(%)	(shares)	(%)	(shares)	(%)
9,904,581	0.19	20,000	0.00	17,785,892	0.34	44,100	0.00

8. Changes in Shareholdings and Shareholders

3. As at 31 December 2023, the following persons (other than the Directors, Supervisors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Number of ordinary shares held	Nature of interest	Percentage of shareholding of the relevant class of shares	Percentage of shareholding of all issued shares
Conch Holdings	1,928,870,014 A Shares (long position) ^(Note 1)	Beneficial owner	48.23% ^(Note 2)	36.40%
Anhui Provincial Investment Group Holding Co., Ltd.	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)	36.40%
Conch Venture Property	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)	36.40%
Conch Venture	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)	36.40%
Taiwan Cement Corporation	116,568,000 H Shares (long position) ^(Note 4)	Interest of a controlled corporation	8.97% ^(Note 3)	2.20%
Lazard Asset Management LLC	65,012,546 H Shares (long position) ^(Note 5)	Investment manager	5.00% ^(Note 3)	1.23%

Notes:

- (1) Anhui Provincial Investment Group Holding Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.



8. Changes in Shareholdings and Shareholders

- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares of the Company accordingly.
- (5) Based on the disclosure of interests form submitted by Lazard Asset Management LLC on 9 September 2023 in respect of the relevant event that occurred on 23 August 2023, these shares were held by Lazard Asset Management LLC in its capacity as investment manager.

Save for the aforesaid shareholders, as at 31 December 2023, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to section 336 of the SFO.

4. Information on the controlling shareholder of the Company

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

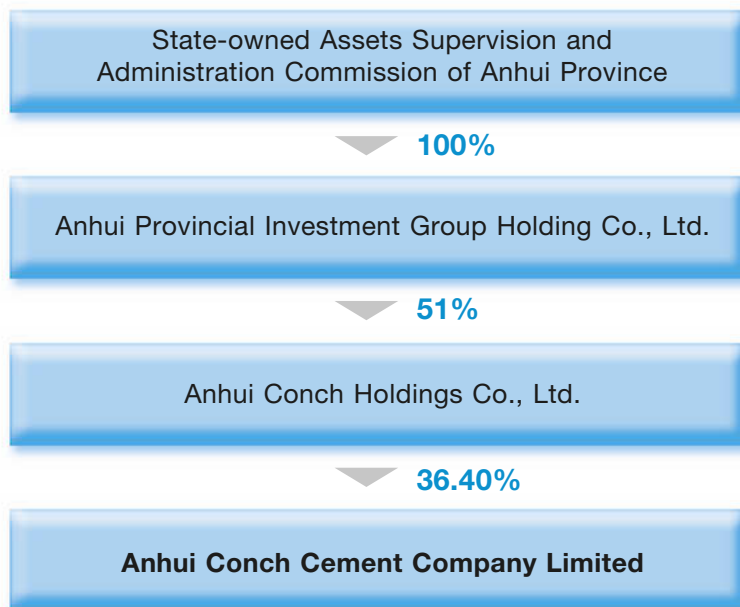
As at the end of the Reporting Period, Conch Holdings was also the controlling shareholder of Conch New Material with a direct equity shareholding of 30.63%. During the Reporting Period, there was no change of the controlling shareholder of the Company.



8. Changes in Shareholdings and Shareholders

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

Anhui Provincial Investment Group is a wholly state-owned company with limited liability under the State-owned Assets Supervision and Administration Commission of Anhui Province ("Anhui SASAC"), and accordingly, Anhui SASAC is the de facto controller of the Company. As at 31 December 2023, the shareholding relationship structure among Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:



6. Public float

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



8. Changes in Shareholdings and Shareholders

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

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

(5) TRANSACTIONS IN RESPECT OF ITS OWN SECURITIES

During the year ended 31 December 2023, the Group had not issued or granted any shares, securities, convertible securities, options, warrants or other similar rights, nor did the Group exercise delegation or subscription rights pursuant to the convertible securities, options, warrants or other similar rights issued or granted by the Group at any time. In addition, as at the end of the Reporting Period, the Group had no redeemable securities.

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

During the year ended 31 December 2023, holders of the Company's listed securities were not entitled to any tax relief and exemptions by virtue of their holdings of such securities under their legal status of the PRC.



9. Information on Bonds

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

In 2022, in order to meet its operational and development needs, further broaden financing channels, reduce financing costs and optimize its debt structure, upon the approval of the Board and the general meeting of the Company, the Company applied to the National Association of Financial Market Institutional Investors of the PRC (the “NAFMII”) for registration of issuing medium-term notes of not more than RMB10 billion (inclusive). In October 2022, the NAFMII agreed to accept the Company’s registration for the issuance of the medium-term notes, with a total registration amount of RMB10 billion. The registration amount will be valid for two years from 14 October 2022. For details, please refer to the announcements or circulars published by the Company on the websites of the Stock Exchange and the Company on 16 June 2022, 20 June 2022, 13 July 2022 and 19 October 2022, and the announcements published by the Company on the website of the SSE on 17 June 2022, 14 July 2022 and 20 October 2022 (P.2022-25, P.2022-30, P.2022-38). As at the date of the approval of this report, the Company had not issued the medium-term notes. The Company will appropriately issue the notes within the validity period of the registration in accordance with relevant requirements and based on the market condition and the needs of the Company.

10. INDEPENDENT AUDITOR'S REPORT



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

OPINION

We have audited the consolidated financial statements of Anhui Conch Cement Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 163 to 375, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

10. INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Revenue recognition

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

The Key Audit Matter	How the matter was addressed in our audit
<p>The principal activities of the Group are the manufacture, sale and trading of clinker and cement products and other materials.</p> <p>The Group recognized revenue from the sales and trading of clinker and cement products and trading of materials and other materials of RMB136,503,514 thousand for the year ended 31 December 2023.</p> <p>Revenue from sales and trading of clinker and cement products and other materials is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products leave the Group's own warehouses or designated warehouses, or when other materials are delivered to customers and the Group obtain the notes of goods transfer, in accordance with the terms of the sales contracts. In respect of the trading business, the Group acts as a principal, and presents revenue on a gross basis.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;• inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;• understanding the Group's business substance of trading business and inspecting supplier and customer contracts, on a sample basis, to identify terms and conditions relating to the Group's control over the products purchased before sales recognition and assess the Group's justification of presenting the related revenue on a gross basis with reference to the requirements of prevailing accounting standards;

10. INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

10. INDEPENDENT AUDITOR'S REPORT

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

10. INDEPENDENT AUDITOR'S REPORT

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

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

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

10. INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
19 March 2024

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

Consolidated statement of profit or loss for the year ended 31 December 2023

(Expressed in Renminbi Yuan ("RMB"))

	Note	2023 RMB'000	2022 RMB'000
Revenue	5	140,999,428	132,021,554
Cost of sales and services rendered		(118,634,454)	(104,830,600)
Gross profit		22,364,974	27,190,954
Other income	6	3,165,495	3,625,618
Selling and marketing costs		(3,423,656)	(3,327,494)
Administrative expenses		(5,414,236)	(5,384,459)
Research and development costs		(1,859,553)	(2,011,317)
Impairment loss on trade receivables	39(a)	(32,476)	(1,568)
Impairment loss on property, plant and equipment		(301,231)	–
Profit from operations		14,499,317	20,091,734
Finance costs	7(a)	(930,404)	(524,630)
Share of profits of associates		178,789	402,632
Share of profits of joint ventures		122,270	262,376
Profit before taxation	7	13,869,972	20,232,112
Income tax	8(b)	(2,851,281)	(3,874,759)
Profit for the year		11,018,691	16,357,353

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of profit or loss for the year ended 31 December 2023 (continued)

(Expressed in Renminbi Yuan ("RMB"))

	Note	2023 RMB'000	2022 RMB'000
Attributable to:			
Equity shareholders of the Company		10,689,181	15,860,553
Non-controlling interests		329,510	496,800
Profit for the year		11,018,691	16,357,353
Earnings per share			
	12		
– Basic		RMB2.02	RMB2.99
– Diluted		RMB2.02	RMB2.99

The notes on pages 174 to 375 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 38(b).

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

(Expressed in Renminbi Yuan)

	Note	2023 RMB'000	2022 RMB'000
Profit for the year		11,018,691	16,357,353
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)		(805,698)	(2,930,035)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(110,705)	(321,494)
Share of other comprehensive income of investees		(3,749)	14,030
Other comprehensive income for the year		(920,152)	(3,237,499)
Total comprehensive income for the year		10,098,539	13,119,854

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 (continued)

(Expressed in Renminbi Yuan)

	Note	2023 RMB'000	2022 RMB'000
Attributable to:			
Equity shareholders of the Company		9,773,288	12,575,713
Non-controlling interests		325,251	544,141
Total comprehensive income for the year		10,098,539	13,119,854

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of financial position

(Expressed in Renminbi Yuan)

	Note	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
– Investment properties	13		55,140		73,409
– Other property, plant and equipment	14		105,011,652		97,721,643
Intangible assets	15		24,613,705		24,638,108
Goodwill	16		1,147,072		1,145,964
Interest in associates	18		5,575,551		4,745,760
Interests in joint ventures	19		2,189,641		2,046,895
Loans and receivables	20		250,256		292,657
Long-term prepayments	21		3,108,137		2,328,969
Financial assets measured at fair value through profit and loss (“FVPL”)	26		–		1,001,300
Financial assets measured at FVOCI	22		1,348,011		2,325,186
Deferred tax assets	37(b)		1,543,300		1,248,931
			144,842,465		137,568,822
Current assets					
Inventories	23		10,100,346		11,678,994
Assets held for sale	24		23,538		–
Trade and bills receivables	25		12,566,632		16,957,929
Financial assets measured at fair value through profit and loss (FVPL)	26		2,210,733		10,754,921
Prepayments and other receivables	27		7,146,508		7,874,486
Amounts due from related parties	28		510,492		663,626
Tax recoverable	37(a)		426,887		611,940
Restricted cash deposits			774,871		807,730
Bank deposits with original maturity over three months			56,035,319		40,899,551
Cash and cash equivalents	29		11,551,409		16,158,423
			101,346,735		106,407,600

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and bills payables	30	6,219,448		6,659,874	
Other payables and accruals	31	11,242,368		11,283,855	
Current portion of long-term payables	35	61,845		65,013	
Contract liabilities	32	2,883,152		3,564,849	
Bank loans	33	7,249,964		12,300,541	
Lease liabilities	34	35,389		24,869	
Amounts due to related parties	28	1,033,490		901,609	
Current taxation	37(a)	934,173		770,634	
			29,659,829		35,571,244
Net current assets			71,686,906		70,836,356
Total assets less current liabilities			216,529,371		208,405,178
Non-current liabilities					
Bank loans	33	15,611,937		9,688,651	
Lease liabilities	34	198,018		56,049	
Long-term payables	35	263,932		311,033	
Deferred income	36	928,827		748,696	
Deferred tax liabilities	37(b)	1,616,292		1,691,864	
			18,619,006		12,496,293
NET ASSETS			197,910,365		195,908,885

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES					
Share capital	38(c)		5,299,303		5,299,303
Reserves			179,970,234		178,263,329
Total equity attributable to equity shareholders of the Company			185,269,537		183,562,632
Non-controlling interests			12,640,828		12,346,253
TOTAL EQUITY			197,910,365		195,908,885

Approved and authorised for issue by the board of directors on 19 March 2024.

Yang Jun
Director

Li Qunfeng
Director

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2023

(Expressed in Renminbi Yuan)

	Share capital	Treasury shares	Share premium	Capital reserve	Exchange reserve	Statutory surplus	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	5,299,303	-	9,907,044	381,529	(647,673)	2,649,654	(751,875)	(32,822)	168,085	166,899,387	183,582,632	12,346,253	195,908,885
Changes in equity for 2023:													
Profit for the year	-	-	-	-	-	-	-	-	-	10,689,181	10,689,181	329,510	11,018,691
Other comprehensive income	11	-	-	-	(106,446)	-	(805,698)	(3,749)	-	-	(915,893)	(4,259)	(920,152)
Total comprehensive income	-	-	-	-	(106,446)	-	(805,698)	(3,749)	-	10,689,181	9,773,288	325,251	10,098,539
Purchase of own shares	38(i)	(339,160)	-	-	-	-	-	-	-	-	(339,160)	-	(339,160)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(353,919)	(353,919)
Dividends approved in respect of the previous year	38(b)(ii)	-	-	-	-	-	-	-	-	(7,842,968)	(7,842,968)	-	(7,842,968)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	-	-	676,811	676,811
Acquisition of non-controlling interests		-	48,478	-	-	-	-	-	-	-	48,478	(511,981)	(463,503)
Disposal of interest in subsidiaries shares without losing control		-	31,587	-	-	-	-	-	-	-	31,587	163,413	195,000
Share of change of capital reserve of investees		-	-	35,680	-	-	-	-	-	-	35,680	-	35,680
Safety production fund	38(e)(iv)	-	-	-	-	-	-	-	234,488	(234,488)	-	-	-
Balance at 31 December 2023	5,299,303	(339,160)	9,987,109	417,209	(754,119)	2,649,654	(1,557,573)	(36,571)	402,583	169,201,102	185,269,537	12,640,828	197,910,365

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2023 (continued)

(Expressed in Renminbi Yuan)

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		5,299,303	9,990,365	300,514	(278,838)	2,649,654	250,073	(46,832)	-	165,437,346	168,601,565	8,137,302	191,738,867
Changes in equity for 2022:													
Profit for the year		-	-	-	-	-	-	-	-	15,860,553	15,860,553	496,800	16,357,353
Other comprehensive income	11	-	-	-	(368,835)	-	(2,930,035)	14,030	-	-	(3,284,840)	47,341	(9,237,499)
Total comprehensive income		-	-	-	(368,835)	-	(2,930,035)	14,030	-	15,860,553	12,575,713	544,141	13,119,854
Acquisition of subsidiaries under common control		-	(53,383)	-	-	-	-	-	-	-	(53,383)	-	(53,383)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(411,072)	(411,072)
Dividends approved in respect of the previous year	38(b)(i)	-	-	-	-	-	-	-	-	(12,612,340)	(12,612,340)	-	(12,612,340)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	-	-	696,199	696,199
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	-	-	3,495,872	3,495,872
Acquisition of non-controlling interests		-	(29,958)	-	-	-	-	-	-	-	(29,958)	(116,189)	(146,147)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	-	1,920,087	-	-	(1,328,087)	-	-	-
Share of change of capital reserve of investees		-	-	81,015	-	-	-	-	-	-	81,015	-	81,015
Safety production fund	38(e)(iv)	-	-	-	-	-	-	-	168,085	(168,085)	-	-	-
Balance at 31 December 2022		5,299,303	9,907,044	381,529	(647,673)	2,649,654	(751,875)	(32,822)	168,085	166,899,387	183,562,632	12,346,253	195,908,885

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2023

(Expressed in Renminbi Yuan)

	Note	2023		2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
Cash generated from operations	29(b)	22,805,923		16,877,734	
Income tax paid	37(a)	(2,700,359)		(7,228,466)	
Interest paid		(1,028,276)		(509,842)	
Net cash generated from operating activities			19,077,288		9,139,426
Investing activities					
Payment for the purchase of property, plant and equipment		(13,172,475)		(14,007,325)	
Proceeds from disposal of property, plant and equipment		233,010		257,846	
Proceeds from sale of financial assets measured at FVPL		12,726,968		31,990,558	
Payment for the purchase of intangible assets		(994,976)		(12,638,971)	
Payment for the purchase of financial assets measured at FVPL		(3,245,000)		(16,529,154)	
Payment for the purchase of financial assets measured at FVOCI		-		(5,419,727)	
New advances to government		(41,159)		(306,700)	
Receipts of advances to government		31,959		150,420	
Receipts of advances to related parties		12,910		6,890	
New bank deposits with maturity over three months		(32,615,359)		(12,736,551)	
Proceeds from maturity of bank deposits over three months		17,479,591		23,357,792	
Interest received		1,324,434		1,764,564	
Proceeds from disposal of an associate		13,224		252,761	
Payment for investment in associates		(774,986)		(933,466)	
Dividends received from joint ventures		3,883		243,828	
Dividends received from associates		108,668		141,008	
Dividends received from investment in listed equity securities		99,948		170,427	
Acquisition of subsidiary, net of cash acquired	29(e)	(497,658)		(1,082,262)	
Proceeds from the sale of financial assets measured at FVOCI		-		37,428	
Net cash used in investing activities			(19,307,018)		(5,280,634)

The notes on pages 174 to 375 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2023 (continued)

(Expressed in Renminbi Yuan)

	Note	2023		2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Financing activities					
Capital and interest element of lease rentals paid	29(c)	(74,110)		(32,273)	
Proceeds from new bank loans and other borrowings	29(c)	15,681,519		14,300,632	
Repayment of bank loans and other borrowings	29(c)	(12,123,940)		(6,588,724)	
Dividends paid to non-controlling interests of shareholders of subsidiaries	29(c)	(358,919)		(411,072)	
Dividends paid to equity shareholders of the Company	38(b)	(7,842,968)		(12,610,413)	
Capital contribution from non-controlling interests of shareholders of subsidiaries		676,811		696,199	
Payment for acquisition of subsidiaries under common control		-		(53,383)	
Payment for repurchase of shares		(339,160)		-	
Other payments related to financing activities	29(c)	(150,655)		(368,434)	
Proceeds from disposal of interest in subsidiaries without losing control		195,000		-	
Acquisition of non-controlling interests		(71,503)		(146,147)	
Net cash used in financing activities			(4,407,925)		(5,213,615)
Net decrease in cash and cash equivalents			(4,637,655)		(1,354,823)
Effect of foreign exchange rate changes			30,641		115,709
Cash and cash equivalents at 1 January	29(a)		16,158,423		17,397,537
Cash and cash equivalents at 31 December	29(a)		11,551,409		16,158,423

The notes on pages 174 to 375 form part of these financial statements.

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

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

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

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

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

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

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sales (see note 2(aa)).

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

(c) Changes in accounting policies

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

IFRS 17, *Insurance contracts*

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognized the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in note 37(b), but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. The standard does not have a material impact on these financial statements currently as the Group does not reach the threshold to be taxed under Pillar Two model rules.

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

For each business combination, the Group can elect to measure any non-controlling interest (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(r) or (s) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(m)).

(g) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 39(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(w)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (continued)

(i) Non-equity investments (continued)

- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of investment property, less their estimated residual value, using the straight-line method over their estimated useful lives as follows:

- Buildings 30 years

(i) Property, plant and equipment

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

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

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

(j) Construction-in-progress

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(m)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, from the date they are available for use and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

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

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Leased assets

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

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (continued)

(i) As a lessee (continued)

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Leased assets (continued)

(i) As a lessee (continued)

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

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

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Credit losses and Impairment of assets

(i) Credit losses from financial instruments and contract assets

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

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Measurement of ECLs (continued)

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position (see note 2(g)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Write-off policy

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

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

(ii) Credit losses from financial guarantees issued

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income (see note 2(w)(ii)(e))

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets not available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(iv) *Interim financial reporting and impairment*

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

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

(n) Inventories

(i) *Inventories*

Inventories are measured at the lower of cost and net realisable value as follows:

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Inventories (continued)

(i) *Inventories (continued)*

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

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

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 2(m)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(p)).

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Trade and bills receivables and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(m)(i)).

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

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(m)(i)).

(r) Trade payables, other payables and accruals

Trade payables, other payables and accruals are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(z).

(t) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined contribution plan obligations

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(m)(iii)).

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition

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

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

(i) Revenue from contracts with customers

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

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

(a) Sale of goods

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

(b) Rendering of services

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

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

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

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

(ii) Revenue from other sources and other income

(a) Rental income from operating lease

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

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

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

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

(e) Income from financial guarantees issued

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

(x) Repairs and maintenance

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

(y) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Translation of foreign currencies (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the approximate exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(z) Borrowing costs

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with IFRS 5. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(bb) Asset acquisition

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(cc) Related parties

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(cc) Related parties (continued)

(b) *An entity is related to the Group if any of the following conditions applies:
(continued)*

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(dd) Segment reporting

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES

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

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

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

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

(b) Sources of estimation uncertainty

Notes 14, 16 and 39(f) contain information about the assumptions and their risk factors relating to property, plant and equipment impairment, goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (continued)

(i) Depreciation and amortisation

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

(ii) Inventories

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

(iii) Loss allowance for expected credit losses

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (continued)

(iv) Recognition of deferred tax assets

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

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

4 BUSINESS COMBINATION

During the year ended 31 December 2023, the Group acquired equity interest of below subsidiaries from third parties with cash consideration. Details of the acquired subsidiaries are as follows:

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities
Shaodong Panshi Concrete Products Co., Ltd. ("Shaodong Panshi") 邵東市磐石混凝土有限公司	100%/ 100%	12 January 2023	Manufacture and sale of concrete
Wuhan Hanshi Environmental Protection Engineering Co., Ltd. ("Hanshi Environmental Protection") 武漢漢氏環保工程有限公司*	100%/ 100%	25 December 2023	Disposal services for medical equipment

* Hanshi Environmental Protection was 100% acquired by Conch Environment Protection, the subsidiary of the Group.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION (CONTINUED)

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

Identifiable assets acquired and liabilities assumed at the acquisition date:

	Shaodong Panshi	Hanshi Environmental Protection	Total
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	50,927	81,726	132,653
Intangible assets	–	20,150	20,150
Trade and other receivables	–	18,964	18,964
Inventories	65	2,211	2,276
Cash and cash equivalents	156	3,208	3,364
Trade payables and other liabilities	(37,169)	(23,665)	(60,834)
Deferred tax liabilities	–	(9,776)	(9,776)
Share of fair value of identifiable net assets	13,979	92,818	106,797

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

	Shaodong Panshi	Hanshi Environmental Protection	Total
	RMB'000	RMB'000	RMB'000
Total cash consideration	14,052	93,853	107,905
Fair value of net identifiable assets	(13,979)	(92,818)	(106,797)
Goodwill	73	1,035	1,108

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION (CONTINUED)

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

Year of the acquisition	Shaodong	Hanshi	Total
	Panshi	Environmental	
	RMB'000	Protection	RMB'000
	2023	2023	
Contributed to Group			
Revenue	35,469	–	35,469
Net loss	(2,292)	–	(2,292)

Had the acquisitions occurred on 1 January 2023, management estimates that the consolidated revenue of the Group for the year ended 31 December 2023 would have been RMB141,045,243,000 and the consolidated net profit for the year would have been RMB11,028,066,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would remain the same as if the acquisition had occurred on 1 January 2023.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing, sale and trading of clinker and cement products and other materials. Further details regarding the Group's revenue from principal activities are disclosed below.

(i) Disaggregation of revenue

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

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by service lines		
– Sales and trading of clinker and cement products	86,407,007	103,687,399
– Sales and trading of other materials	50,096,507	25,195,382
– Service income	4,495,914	3,138,773
	140,999,428	132,021,554

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 5(b).

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

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

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

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mix of two business lines, cement and cement related business and solid and hazardous waste treatment business, of which cement and cement related business is organised by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments based on the region in which the Group's cement and cement related business operates: Eastern China, Central China, Southern China, Western China and overseas. The solid and hazardous waste treatment business is one reportable segment as the performance assessment is based on the results of the solid and hazardous waste treatment business as a whole. No operating segments have been aggregated to form the following reportable segments.

- (i) *Segment results, assets and liabilities*

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

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

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

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

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

Disaggregation of revenue from contracts with customers by the type and timing of revenue recognition, as well as information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2023

	Eastern China RMB'000	Central China RMB'000	Cement and cement related				Elimination RMB'000	Subtotal RMB'000	Solid and hazardous waste	Elimination RMB'000	Total RMB'000
			Southern China RMB'000	Western China RMB'000	Overseas RMB'000	treatment RMB'000					
Disaggregated by type of business											
Sales and trading of clinker and cement products	25,094,964	25,453,609	16,128,869	15,025,804	4,703,761	-	86,407,007	-	-	86,407,007	
Sales and trading of other materials	15,294,813	16,055,489	5,569,674	12,697,293	386,519	-	50,003,788	92,719	-	50,096,507	
Service income	190,091	2,458,725	24,667	10,916	22,678	-	2,707,077	1,788,837	-	4,495,914	
Revenue from external customers	40,579,868	43,967,823	21,723,210	27,734,013	5,112,958	-	139,117,872	1,881,556	-	140,999,428	
Disaggregated by timing of revenue recognition											
Point in time	40,575,593	43,843,326	21,721,457	27,732,264	5,090,289	-	138,962,929	92,719	-	139,055,648	
Over time	4,275	124,497	1,753	1,749	22,669	-	154,943	1,788,837	-	1,943,780	
Revenue from external customers	40,579,868	43,967,823	21,723,210	27,734,013	5,112,958	-	139,117,872	1,881,556	-	140,999,428	
Inter-segment revenue	5,578,191	31,743,393	581,325	2,424,292	98,724	(40,336,010)	89,915	-	(89,915)	-	
Reportable segment revenue	46,158,059	75,711,216	22,304,535	30,158,305	5,211,682	(40,336,010)	139,207,787	1,881,556	(89,915)	140,999,428	
Reportable segment profit (profit before taxation)	1,947,832	14,794,374	1,464,995	1,394,639	108,074	(6,401,726)	13,308,188	292,278	-	13,600,466	

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2023 (continued)

	Cement and cement related						Subtotal	Solid and hazardous waste treatment	Elimination	Total
	Eastern China	Central China	Southern China	Western China	Overseas	Elimination				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	20,141	2,527,410	19,274	34,199	45,812	(441,512)	2,205,324	10,137	-	2,215,461
Interest expense	(4,545)	(188,230)	(90,050)	(50,639)	(544,757)	49,320	(828,901)	(101,503)	-	(930,404)
Depreciation and amortisation for the year	(599,964)	(3,113,887)	(1,117,508)	(1,822,099)	(558,389)	55,729	(7,156,118)	(289,138)	-	(7,445,256)
Reportable segment assets (including interests in associates and joint ventures)	18,182,964	207,085,810	38,058,418	31,624,926	19,155,734	(77,857,785)	236,250,067	9,939,910	(777)	246,189,200
Investments in associates and joint ventures	-	3,851,343	-	3,607,045	233,944	-	7,692,332	72,860	-	7,765,192
Additions to non-current segment assets during the year	1,187,646	6,509,357	3,484,230	1,802,354	2,722,488	-	15,706,075	260,436	-	15,966,511
Reportable segment liabilities	9,117,270	30,965,807	19,495,510	13,023,136	17,077,753	(47,283,684)	42,395,792	5,825,457	(777)	48,220,472

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2022

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

For the year ended 31 December 2022 (continued)

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

	2023 RMB'000	2022 RMB'000
Revenue		
Reportable segment revenue	181,425,353	173,676,157
Inter-segment revenue	(40,425,925)	(41,654,603)
Consolidated revenue	140,999,428	132,021,554

	2023 RMB'000	2022 RMB'000
Profit		
Reportable segment profit (profit before taxation)	20,002,192	22,001,772
Inter-segment profit	(6,401,726)	(1,987,107)
Difference between CAS and IFRS*	269,506	217,447
Consolidated profit before taxation	13,869,972	20,232,112

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

	31 December 2023 RMB'000	31 December 2022 RMB'000
Assets		
Reportable segment assets	324,047,762	288,403,548
Inter-segment assets	(77,858,562)	(44,427,126)
Consolidated total assets	246,189,200	243,976,422
Liabilities		
Reportable segment liabilities	95,504,933	92,089,082
Inter-segment liabilities	(47,284,461)	(44,106,254)
Difference between CAS and IFRS*	58,363	84,709
Consolidated total liabilities	48,278,835	48,067,537

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill, interests in associates and joint ventures, loans and receivables ("specified non-current assets"). The geographical location of customers is based on the location at where the services were provided or the goods delivered to. The geographical location of the specified non-current assets is based on the physical locations of the assets or the locations of the operations.

	Revenue from external customers		Specified non-current assets	
	2023	2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	134,382,916	127,423,336	130,750,641	124,142,429
Others	6,616,512	4,598,218	11,451,331	9,240,317
	140,999,428	132,021,554	142,201,972	133,382,746

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

6 OTHER INCOME

	2023 RMB'000	2022 RMB'000
Interest income on financial assets measured at amortised cost	2,215,461	2,217,695
Subsidy income*	1,117,208	1,359,414
Net loss on disposal of property, plant and equipment	(105,245)	(111,124)
Net realised and unrealised loss on financial assets measured at FVPL	(63,520)	(34,314)
Dividend income from financial assets measured at FVPL	24,115	32,283
Dividend income from financial assets measured at FVOCI	75,833	138,145
Net foreign exchange loss	(159,999)	(34,818)
Gain arising from bargain purchase	-	12,102
Net gain on disposal of an associate	-	91,838
Others	61,642	(45,603)
	3,165,495	3,625,618

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2023 RMB'000	2022 RMB'000
Interest on bank loans	1,039,139	568,679
Interest on lease liabilities	7,093	4,126
Interest expense on financial liabilities not at FVPL	1,046,232	572,805
Less: Interest expense capitalised into construction-in-progress*	(115,828)	(48,175)
	930,404	524,630

* The borrowing costs have been capitalized at rates of 2.40% ~ 4.30% for the year ended 31 December 2023 (2022: 3.05% ~ 4.90%).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	7,735,136	7,441,577
Contributions to defined contribution retirement plans	821,223	746,094
Annuity	322,422	329,388
	8,878,781	8,517,059

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Note	2023 RMB'000	2022 RMB'000
Amortisation			
– intangible assets	15	639,430	648,458
Depreciation			
– investment properties	13	3,550	3,237
– property, plant and equipment	14	6,802,276	6,137,252
Impairment losses			
– trade receivables	39(a)	32,476	1,568
– property, plant and equipment	14	301,231	–
Auditors' remuneration			
– audit services (note (i))		8,100	6,200
– other services		810	655
Research and development costs		1,859,553	2,011,317
Cost of inventories (note (ii))	23(b)	111,672,307	100,624,440

Note:

- (i) The auditors' remuneration for audit service includes the audit fee of RMB1,900,000 for Conch Environment Protection for the year ended 31 December 2023.
- (ii) Cost of inventories includes RMB10,109,364,000 (2022: RMB9,424,490,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current tax		
Provision for the year	3,082,221	4,112,931
Over-provision in respect of prior years	(33,270)	(55,542)
	3,048,951	4,057,389
Deferred tax		
Origination and reversal of temporary differences	(197,670)	(182,630)
	2,851,281	3,874,759

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

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

Subsidiaries' Name	Tax rates
Qianxinan Resource Development Co., Ltd. ("Qianxinan") 黔西南州發展資源開發有限公司 (note (i))	15%
Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平涼海螺水泥有限責任公司 (note (i))	15%
Dazhou Conch Cement Co., Ltd. ("Dazhou Conch") 達州海螺水泥有限責任公司 (note (i))	15%
Guangyuan Conch Cement Co., Ltd. ("Guangyuan Conch") 廣元海螺水泥有限責任公司 (note (i))	15%
Chongqing Conch Cement Co., Ltd. ("Chongqing Conch") 重慶海螺水泥有限責任公司 (note (i))	15%
Liquan Conch Cement Co., Ltd. ("Liquan Conch") 禮泉海螺水泥有限責任公司 (note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. ("Guiyang Conch") 貴陽海螺盤江水泥有限責任公司 (note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. ("Guiding Conch") 貴定海螺盤江水泥有限責任公司 (note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. ("Zunyi Conch") 遵義海螺盤江水泥有限責任公司 (note (i))	15%
Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") 千陽海螺水泥有限責任公司 (note (i))	15%
Bazhong Conch Cement Co., Ltd. ("Bazhong Conch") 巴中海螺水泥有限責任公司 (note (i))	15%
Wenshan Conch Cement Co., Ltd. ("Wenshan Conch") 文山海螺水泥有限責任公司 (note (i))	15%
Shuicheng Conch Panjiang Cement Co., Ltd. ("Shuicheng Conch") 水城海螺盤江水泥有限責任公司 (note (i))	15%
Tengchong Tengyue Cement Co., Ltd. ("Tengchong Tengyue") 騰冲市騰越水泥有限公司 (note (i))	15%
Linxia Conch Cement Co., Ltd. ("Linxia Conch") 臨夏海螺水泥有限責任公司 (note (i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Subsidiaries' Name	Tax rates
Tongren Conch Panjiang Cement Co., Ltd. ("Tongren Conch") 銅仁海螺盤江水泥有限責任公司 (note (i))	15%
Guizhou Liukuanguan Cement Co., Ltd. ("Liukuanguan") 貴州六礦瑞安水泥有限公司 (note (i))	15%
Qianxian Conch Cement Co., Ltd. ("Qianxian Conch") 乾縣海螺水泥有限責任公司 (note (i))	15%
Guizhou New Shuanglong Cement Co., Ltd. ("Guizhou New Shuanglong") 貴州新雙龍水泥有限公司 (note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. ("Zhuangxiang Conch") 雲南壯鄉水泥股份有限公司 (note (i))	15%
Liangping Conch Cement Co., Ltd. ("Liangping Conch") 梁平海螺水泥有限責任公司 (note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. ("Jinlinghe") 寶雞市眾喜金陵河水泥有限公司 (note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Lingyun Tonghong") 廣西凌雲通鴻水泥有限公司 (note (i))	15%
Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") 保山海螺水泥有限責任公司 (note (i))	15%
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺水泥有限責任公司 (note (i))	15%
Hami Hongyi Building Material Co., Ltd. ("Hami Building Material") 哈密弘毅建材有限責任公司 (note (i))	15%
Yingjiangyunhan Cement Co., Ltd. ("Yingjiangyunhan") 盈江縣允罕水泥有限責任公司 (note (i))	15%
Kunming Conch Cement Co., Ltd. ("Kunming Conch") 昆明海螺水泥有限公司 (note (i))	15%
Shaanxi Tongchuan Fenghuang Building Material Co., Ltd. ("Fenghuang Building Material") 陝西銅川鳳凰建材有限公司 (note (i))	15%
Chongqing Conch Material Trading Co., Ltd. ("Chongqing Trading") 重慶海螺物資貿易有限責任公司 (note (i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Subsidiaries' Name	Tax rates
Zunyi Haihui New Material Co., Ltd. ("Haihui New Material") 遵義海匯新材料有限責任公司 (note (i))	15%
Bazhong Conch Building Material Co., Ltd. ("Bazhong Building Material") 巴中海螺建材有限責任公司 (note (i))	15%
Naiman Hongji Cement Co., Ltd. ("Hongji Cement") 奈曼旗宏基水泥有限公司 (note (i))	15%
Chongqing Duoji Renewable Resources Co., Ltd. ("Chongqing duoji") 重慶多吉再生資源有限公司 (note (i))	15%
Subsidiaries of Conch Environment Protection 中國海螺環保控股有限公司之部分附屬公司 (note (i))	15%
Anhui Wuhu Conch Construction and Installation Engineering Co., Ltd. ("Conch Construction") 安徽蕪湖海螺建築安裝工程有限責任公司 (note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") 安徽海螺暹羅耐火材料有限公司 (note (ii))	15%
Anhui Jinggong testing and Inspection Co., Ltd. ("Jinggong Testing") 安徽精公檢測檢驗有限公司 (note (ii))	15%
Anhui Haibo Intelligent Technology Co., Ltd. ("Haibo Intelligent") 安徽海博智能科技有限責任公司 (Note (ii))	15%
Shanghai Zhizhi Technology Co., Ltd. ("Shanghai Zhizhi") 上海智質科技有限公司 (Note (ii))	15%
Anhui Xuancheng Conch Cement Co., Ltd. ("Xuancheng Conch") 安徽宣城海螺水泥有限公司 (Note (ii))	15%
Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch") 安徽縱陽海螺水泥股份有限公司 (Note (ii))	15%
Hainan Changjiang Conch Cement Co., Ltd. 海南昌江海螺水泥有限公司 (Note (iii))	15%
Changjiang Conch Huasheng Plastic Packaging Co., Ltd. 昌江海螺華盛塑膠包裝有限公司 (Note (iii))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation of PRC and National Development and Reform Commission on 23 April 2020, these companies are entitled to a preferential income tax rate of 15% as qualified companies located in western areas in the PRC. These companies mentioned above are entitled to a preferential income tax rate of 15% in 2023 (2022: 15%).
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises recognized as high and new technology enterprise are entitled to a preferential income tax rate of 15%.

Conch Construction has obtained a high and new technology enterprise certification in 2015 and obtained a renewed certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023.

Refractory Material has obtained a high and new technology enterprise certification in 2019 and obtained a renewed certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

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

Haibo Intelligent has obtained a high and new technology enterprise certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

Shanghai Zhizhi has obtained a high and new technology enterprise certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

Zongyang Conch has obtained a high and new technology enterprise certification in 2023. Accordingly, it is entitled to a preferential income tax rate of 15% from 2023 to 2025.

Xuancheng Conch has obtained a high and new technology enterprise certification in 2023. Accordingly, it is entitled to a preferential income tax rate of 15% from 2023 to 2025.

- (iii) According to Caishui [2020] No. 31, "The Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port", from 1 January 2020 to 31 December 2024, encouraged industrial enterprises registered in Hainan Free Trade Port with substantive operation will be subject to enterprise income tax at a reduced rate of 15%.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

- (iv) According to Caishui [2022] No. 13, “The Announcement of Further Implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise” issued by Ministry of Finance of the PRC and the State Administration of Taxation of PRC on 14 March, 2022, the small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20%. According to Caishui [2023] No. 6, “The Announcement of Implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise”, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% from 2023 to 2024. 18 subsidiaries of the Group enjoyed this tax incentive for the year ended 31 December 2023.
- (v) According to Article 27 of the Law of the PRC on Enterprise Income Tax, the income from investment and operation of public infrastructure projects supported by the State can enjoy preferential tax policy. As further explained by Article 87 of Regulations on the Implementation of Enterprise Income Tax, the public infrastructure projects supported by the State refers to the ports, airports, railways, highways, urban public transportation, electric power, water conservancy and other projects stipulated in the Catalogue of Enterprise Income Tax Preferential for Public Infrastructure Projects. The preferential policy allows full exemption from PRC income tax for the first three years starting from the first year of production and operation and 50% of the standard tax rates for the following three years. 84 subsidiaries of the Group enjoyed this tax incentive for the year ended 31 December 2023.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

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

Subsidiaries' Name	Tax rates
Conch International Holdings (HK) Limited ("Conch International"), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch"), a subsidiary in Laos	20%
Vientian Conch Cement Co., Ltd. ("Vientian Conch") a subsidiary in Laos	20%
Conch Cement Volga Limited Liability Company ("Volga Conch"), a subsidiary in Russia	20%
Conch KT Cement (Phnom Penh) Company Limited ("Phnom Penh Conch"), a subsidiary in Cambodia	20%
PT Conch Cement Indonesia ("Indonesia Conch"), a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement ("Indonesia South Conch"), a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia ("Indonesia International Trade Conch"), a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine ("South Sulawesi Conch"), a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia ("Maros Conch"), a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia ("Barru Conch"), a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement ("North Sulawesi Conch"), a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement ("West Kalimantan Conch"), a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd. ("Tonga Mining"), a subsidiary in Indonesia	22%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

Subsidiaries' Name	Tax rates
Beisu Conch Mining Co., Ltd. ("Beisu Mining"), a subsidiary in Indonesia	22%
Battambang Conch Cement Company Limited ("Battambang Conch"), a subsidiary in Cambodia (note (i))	–
Qarshi Conch Cement Limited Liability Company ("Qarshi Conch"), a subsidiary in Uzbekistan	15%
Tashkent Conch Cement Joint Venture Co., Ltd ("Tashkent Conch"), a subsidiary in Uzbekistan	15%
Shangfeng Bridge of Friendship Co., Ltd. ("Andijan Conch"), a subsidiary in Uzbekistan	15%
Conch Environment Protection, a subsidiary in Cayman Islands and its subsidiaries in Cayman Islands and British Virgin Islands ("BVI") (note (ii))	–
Subsidiaries of Conch Environment Protection in Hong Kong	16.5%

Note:

- (i) Battambang Conch was accredited as a Qualified Investment Project by the Cambodian Development Council in April 2016. According to local investment laws, it can enjoy income tax exemption for 9 years from the year when the Company generates revenue and income tax exemption for 6 years from the year when the Company generates profit, whichever is shorter. Battambang Conch started sales in 2018 and realized profit in 2019. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, these subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Profit before taxation	13,869,972	20,232,112
Notional tax on profit before taxation calculated at 25% (2022: 25%)	3,467,493	5,058,028
Tax effect of subsidiaries subject to tax rates other than 25%	(225,842)	(374,932)
Tax effect of non-deductible expenses	58,784	33,322
Tax effect of non-taxable income	(95,098)	(219,399)
Tax effect of current tax losses not recognised	117,729	–
Tax effect of change in tax rate	(26,511)	–
Over-provision in respect of prior years	(33,270)	(55,542)
Tax effect of gain arising from bargain purchase	–	(3,026)
Tax effect of bonus deduction for research and development costs	(375,427)	(439,953)
Recognition of previously unrecognized tax losses	–	(79,983)
Others	(36,577)	(43,756)
Actual tax expense	2,851,281	3,874,759

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2023 Total RMB'000
Chairman					
Yang Jun*	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao*	-	-	-	-	-
Executive directors					
Wu Tiejun	-	770	862	57	1,689
Li Qunfeng	-	903	978	100	1,981
Zhou Xiaochuan	-	755	866	90	1,711
Independent non-executive directors					
Qu Wenzhou	180	-	-	-	180
Ho Shuk Yee Samantha	180	-	-	-	180
Zhang Yunyan	180	-	-	-	180
Supervisors					
He Chengfa* (appointed on 2 Nov 2023)	-	-	-	-	-
Chen Yongbo#	-	-	-	-	-
Wu Xiaoming** (resigned on 2 Nov 2023)	-	-	-	-	-
Liu Tiantian	-	694	1,083	57	1,834
	540	3,122	3,789	304	7,755

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2022 Total RMB'000
Chairman					
Wang Cheng* (resigned on 17 May 2022)	-	-	-	-	-
Yang Jun* (appointed on 13 July 2022)	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao*	-	-	-	-	-
Executive directors					
Wu Bin (resigned on 31 May 2022)	-	-	-	-	-
Wu Tiejun (appointed on 31 May 2022)	-	747	638	57	1,442
Li Qunfeng	-	1,188	970	61	2,219
Zhou Xiaochuan	-	1,009	756	83	1,848
Independent non-executive directors					
Leung Tat Kwong Simon (resigned on 31 May 2022)	-	-	-	-	-
Zhang Xiaorong (resigned on 31 May 2022)	-	-	-	-	-
Qu Wenzhou (appointed on 31 May 2022)	180	-	-	-	180
Ho Shuk Yee Samantha (appointed on 31 May 2022)	180	-	-	-	180
Zhang Yunyan	180	-	-	-	180
Supervisors					
Wang fei* (resigned on 31 May 2022)	-	-	-	-	-
Chen Yongbo*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	785	767	57	1,609
	540	3,729	3,131	258	7,658

* No remuneration is paid or payable by the Group for the year ended 31 December 2023 and 2022 as their remunerations are paid by Anhui Conch Holdings Limited ("Conch Holdings"). In addition, no remuneration is due to these directors and supervisors in respect of their services in connection with the management of the affairs of the Group.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2022: two) are directors and one is a supervisor (2022: one) whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other one (2022: two) individuals are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	755	1,582
Discretionary bonuses	990	1,283
Retirement plan contributions	98	157
	1,843	3,022

The emoluments of the one (2022: two) individuals with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HKD1,500,001 – HKD2,000,000	1	2
HKD2,000,001 – HKD2,500,000	–	–

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2023			2022		
	Before-tax amount RMB'000	Tax benefit RMB'000 (Note 37(b))	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax benefit RMB'000 (Note 37(b))	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	(110,705)	-	(110,705)	(321,494)	-	(321,494)
Equity investments measured at FVOCI: Movement in fair value reserve (non-recycling) (Note (b))	(987,745)	182,047	(805,698)	(3,101,991)	171,956	(2,930,035)
Share of investees' other comprehensive income	(3,749)	-	(3,749)	14,030	-	14,030
Other comprehensive income	(1,102,199)	182,047	(920,152)	(3,409,455)	171,956	(3,237,499)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Components of other comprehensive income, including reclassification adjustments

	2023 RMB'000	2022 RMB'000
Equity investments measured at FVOCI:		
Changes in fair value recognised during the year	(987,745)	(3,101,991)
Tax effect of changes in fair value recognised during the year	182,047	171,956
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	–	1,928,087
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	(805,698)	(1,001,948)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2023 of RMB10,689,181,000 (2022: RMB15,860,553,000) and the weighted average number of shares in issue during the year ended 31 December 2023 of 5,298,303,000 shares after adjusting for the repurchasing of own shares during the year (2022: 5,299,303,000 shares), calculated as follows:

Weighted average number of ordinary shares

	2023	2022
Issued ordinary shares at 1 January	5,299,303,000	5,299,303,000
Effect of repurchase of own shares	(1,000,000)	–
Weighted average number of ordinary shares at 31 December	5,298,303,000	5,299,303,000

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2023 and 2022, therefore diluted earnings per share is the same as the basic earnings per share.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January 2022	101,041
Transfer from property, plant and equipment	321
At 31 December 2022 and 1 January 2023	101,362
Impact of exchange rate changes	7
Transfer out to property, plant and equipment	(18,827)
At 31 December 2023	82,542
Accumulated depreciation:	
At 1 January 2022	24,684
Transfer from property, plant and equipment	32
Charge for the year	3,237
At 31 December 2022 and 1 January 2023	27,953
Impact of exchange rate changes	1
Transfer out to property, plant and equipment	(4,102)
Charge for the year	3,550
At 31 December 2023	27,402
Net book value:	
At 31 December 2023	55,140
At 31 December 2022	73,409

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES (CONTINUED)

During the year ended 31 December 2023, the Group terminated two leased property agreement (2022: nil) with carrying amount of RMB14,725,000 (2022: RMB nil) under operating lease and classified the properties as property, plant and equipment accordingly.

During the year ended 31 December 2023, the Group did not lease out any new property (2022: one property) with carrying amount of RMB nil (2022: RMB289,000) under operating lease and classified the properties as investment properties.

The investment properties are valued by management to be RMB63,792,000 as at 31 December 2023 (2022: RMB77,463,000) using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

The rental income earned by the Group during the year from its investment properties amounted to RMB8,308,000 (2022: RMB9,197,000). Direct operating expenses arising from the investment properties amounted to RMB3,551,000 (2022: RMB3,237,000).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of-use assets-land use rights RMB'000	Right-of-use assets-other properties RMB'000	Total RMB'000
Cost:								
At 1 January 2022, as restated	51,094,494	64,657,172	1,248,144	2,389,250	7,293,946	8,568,100	81,080	135,332,186
Impact of exchange rate changes	(74,792)	(21,461)	(1,795)	(96,232)	-	2,893	-	(191,387)
Transfer from/(out) construction-in-progress	4,943,955	8,756,929	75,322	14,679	(14,020,271)	-	-	(229,386)
Increase through business combination not under common control	2,643,736	2,251,979	49,263	116,795	2,462,288	486,919	4,554	8,015,534
Additions	303,566	1,353,379	138,203	275,182	12,739,206	581,700	31,510	15,422,746
Disposals	(86,448)	(1,392,670)	(11,085)	(79,622)	-	(7,256)	(31,827)	(1,608,908)
Transfer out to investment properties	(321)	-	-	-	-	-	-	(321)
At 31 December 2022	58,824,190	75,605,328	1,498,052	2,620,052	8,475,169	9,632,356	85,317	156,740,464
At 1 January 2023	58,824,190	75,605,328	1,498,052	2,620,052	8,475,169	9,632,356	85,317	156,740,464
Impact of exchange rate changes	72,792	37,704	531	14,824	-	269	-	126,120
Transfer from/(out) construction-in-progress	4,780,908	5,406,671	13,962	1,475	(10,498,707)	62,181	-	(233,510)
Increase through business combination not under common control	57,245	29,504	987	9,302	1,973	33,642	-	132,653
Additions	3,625	754,708	136,113	278,628	12,915,429	501,048	138,431	14,727,982
Disposals	(139,062)	(1,003,035)	(22,128)	(107,606)	-	(23,260)	(1,084)	(1,296,175)
Reclassification to assets held for sale (Note 24)	(67,358)	(189,734)	(546)	-	-	-	-	(257,638)
Transfer in from investment properties	18,827	-	-	-	-	-	-	18,827
At 31 December 2023	63,551,167	80,641,146	1,626,971	2,816,675	10,893,864	10,206,236	222,664	169,958,723

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of-use assets-land use rights RMB'000	Right-of-use assets-other properties RMB'000	Total RMB'000
Accumulated depreciation and impairment:								
At 1 January 2022, as restated	15,211,014	35,211,635	761,883	1,682,756	2,853	1,437,241	27,657	54,335,039
Impact of exchange rate changes	(7,338)	(2,954)	(953)	(11,025)	-	-	-	(22,270)
Charge for the year	1,706,613	3,828,280	157,302	226,437	-	198,415	20,205	6,137,252
Reversal of impairment loss due to disposal	(1,053)	(1,262)	-	-	-	-	-	(2,315)
Written off on disposals	(28,076)	(1,138,706)	(8,524)	(73,455)	-	(1,420)	(31,827)	(1,282,008)
Transfer out to construction-in-progress	(6,236)	(140,609)	-	-	-	-	-	(146,845)
Transfer out to investment properties	(32)	-	-	-	-	-	-	(32)
At 31 December 2022	16,874,892	37,756,384	909,708	1,824,713	2,853	1,634,236	16,035	59,018,821
At 1 January 2023	16,874,892	37,756,384	909,708	1,824,713	2,853	1,634,236	16,035	59,018,821
Impact of exchange rate changes	23,483	33,753	563	1,228	-	-	-	59,027
Charge for the year	1,925,059	4,193,723	184,939	258,391	-	220,467	19,697	6,802,276
Impairment loss	170,038	129,107	1,712	374	-	-	-	301,231
Reversal of impairment loss due to disposal	-	(1,080)	-	-	-	-	-	(1,080)
Reversal of impairment loss due to reclassification to assets held for sale (Note 24)	(10,351)	(14,595)	(14)	-	-	-	-	(24,960)
Written off on disposals	(27,765)	(845,865)	(26,006)	(86,091)	-	(16,395)	(1,084)	(1,003,206)
Reclassification to assets held for sale (Note 24)	(47,245)	(161,376)	(519)	-	-	-	-	(209,140)
Transfer in from investment properties	4,102	-	-	-	-	-	-	4,102
At 31 December 2023	18,912,213	41,090,051	1,070,383	1,998,615	2,853	1,838,308	34,648	64,947,071
Net book value:								
At 31 December 2023	44,638,954	39,551,095	556,588	818,060	10,891,011	8,367,928	188,016	105,011,652
At 31 December 2022	41,949,298	37,848,944	588,344	795,339	8,472,316	7,998,120	69,282	97,721,643

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

Certain property, plant and equipment of the Group have been pledged as security for bank loans. Details are set out below:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Plant and buildings	80,347	–
Land use rights	61,380	69,794
	141,727	69,794

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

Impairment loss

During the year ended 31 December 2023, management assessed certain production lines of the Group had indicators of impairment, as certain subsidiaries of the Group closed certain production lines or underutilised their production capacity and incurred long-term operating loss. The Group assessed the recoverable amounts of these property, plant and equipment, which were higher of the value in use (“VIU”) and the fair value less costs of disposal (“FVLCS”). Based on the impairment test as disclosed below, a total of impairment loss of RMB301,231,000 was recognised in “impairment loss” for the year ended 31 December 2023.

The Group assessed the recoverable amounts of these property, plant and equipment, which were higher of the value in use and the fair value less costs of disposal.

For those recoverable amounts determined based on VIU

To determine the VIU, the Group used a discounted cash flow forecast for each separately identifiable cash-generating unit (“CGU”). The forecast period is estimated based on the remaining economic benefit life of the main equipment of the production line. The pre-tax discount rate reflects specific risks related to CGUs. As a result, the carrying amounts of these property, plant and equipment were written down to their recoverable amounts of RMB934,571,000. An impairment loss of RMB225,098,000 for these assets was recognised in “impairment loss” for the year ended 31 December 2023.

The key assumptions used in the VIU calculations are as follows:

	2023
Forecast period	15 – 18 years
Annual revenue growth rate during the forecast period	2% – 46%
Net profit margin during the forecast period	2% – 45%
Pre-tax discount rate	10.40% – 14.63%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

Impairment loss (continued)

For those recoverable amounts determined based on FVLCS

The fair value less costs of disposal is determined based on the production lines' fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as capacity volume. As a result, the carrying amounts of these property, plant and equipment were written down to their recoverable amounts of RMB70,740,000. An impairment loss of RMB76,133,000 for these assets was recognised in "impairment loss" for the year ended 31 December 2023.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Land use rights carried at depreciated cost	(i)	8,367,928	7,998,120
Other properties leased for own use, carried at depreciated cost	(ii)	188,016	69,282
		8,555,944	8,067,402

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	220,467	198,415
Other properties leased for own use	19,697	20,205
	240,164	218,620
	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	7,093	4,126
Expense relating to short-term leases	22,290	17,578
Variable lease payments not included in the measurement of lease liabilities	24,773	26,085

Notes:

(i) Land use rights

All lands in the PRC are state-owned or collectively owned and no individual ownership right exists. The Group acquired the rights to use certain lands. The consideration paid for such rights are treated as right-of-use assets and depreciated over the period of lease term using straight-line method.

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain land use rights. The aggregate carrying value of such land use rights of the Group as at 31 December 2023 was approximately RMB39,147,000 (2022: RMB110,820,000). The directors are of the opinion that the Group is entitled to legally use these land use rights.

(ii) Other leases

The Group leases office buildings and cement transfer storages under leases expiring from 1 to 10 years.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Technology RMB'000	Customer relationship RMB'000	Others RMB'000	Total RMB'000
Cost:						
At 1 January 2022	12,557,381	68,970	-	-	1,116,080	13,742,431
Additions	12,857,830	-	-	-	17,637	12,875,467
Increase through business combination not under common control	282,727	-	211,000	175,000	6,033	674,760
At 31 December 2022	25,697,938	68,970	211,000	175,000	1,139,750	27,292,658
At 1 January 2023	25,697,938	68,970	211,000	175,000	1,139,750	27,292,658
Additions	322,192	-	-	3,310	35,865	361,367
Increase through business combination not under common control	-	-	-	17,550	2,600	20,150
Transfer from construction-in- progress	228,600	-	-	-	4,910	233,510
At 31 December 2023	26,248,730	68,970	211,000	195,860	1,183,125	27,907,685

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS (CONTINUED)

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Technology RMB'000	Customer relationship RMB'000	Others RMB'000	Total RMB'000
Accumulated amortisation:						
At 1 January 2022	1,882,738	30,052	-	-	93,302	2,006,092
Charge for the year	575,384	3,768	3,517	2,917	62,872	648,458
At 31 December 2022	2,458,122	33,820	3,517	2,917	156,174	2,654,550
At 1 January 2023	2,458,122	33,820	3,517	2,917	156,174	2,654,550
Charge for the year	543,634	3,626	21,100	17,500	53,570	639,430
At 31 December 2023	3,001,756	37,446	24,617	20,417	209,744	3,293,980
Net book value:						
At 31 December 2023	23,246,974	31,524	186,383	175,443	973,381	24,613,705
At 31 December 2022	23,239,816	35,150	207,483	172,083	983,576	24,638,108

Technology and customer relationship were acquired through the business combination of Conch Environment Protection. They are recognised at fair value at the date of acquisition and is subsequently amortised on a straight-line basis over 10 years.

Others mainly represented the acquisition cost for software, the rights of using maritime space and emission rights.

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain limestone mining rights. The aggregate carrying value of such limestone mining rights of the Group as at 31 December 2023 was approximately RMB249,089,000. The directors are of the opinion that the Group is entitled to legally use these limestone mining rights.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS (CONTINUED)

Certain intangible assets of the Group have been pledged as security for bank loans. Details are set out below:

	2023 RMB'000	2022 RMB'000
Limestone mining rights	1,195,204	1,212,430

As at 31 December 2023, limestone mining rights of RMB11,621,872,000 are not available for use (2022: RMB11,621,872,000). The Group assessed the recoverable amounts of those limestone mining rights based on FVLCS, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as reserves volume. Based on the impairment tests, no impairment was recorded as at 31 December 2023 (2022: none).

16 GOODWILL

	31 December 2023 RMB'000	31 December 2022 RMB'000
Carrying amount:		
At 1 January	1,145,964	876,038
Acquisitions through business combinations	1,108	269,926
At 31 December	1,147,072	1,145,964

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

16 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to groups of cash-generating units (being subsidiaries acquired in each acquisition). Such groups of cash-generating units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Conch Environment Protection	209,634	209,634
Multiple units without material goodwill	937,438	936,330
Total	1,147,072	1,145,964

Conch Environment Protection

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use discounted cash flow projections primarily based on the respective financial budgets of the cash-generating units covering a five-year period approved by management. The key assumptions used in estimating the recoverable amount are as follows:

	2023
Expected average revenue growth rate during the forecast period	12.03%
Gross profit margin	47% – 54%
Growth rate beyond the forecast period	–
Pre-tax discount rate	11.20%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

16 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill (continued)

Conch Environment Protection (continued)

As at 31 December 2023, the Group considers that reasonably possible change in the key assumptions above would not cause the CGU's carrying amount at 31 December 2023 to exceed its recoverable amount.

Based on the impairment tests, no impairment was recorded as at 31 December 2023 (2022: none).

Other individual not material CGUs

Apart from Conch Environment, other CGUs are related to cement and cement related business and all individual not significant.

For these CGUs, the calculations use discounted cash flow projections primarily based on the respective financial budgets of the cash-generating units covering a five-year period approved by management. The key assumptions used in estimating the recoverable amount are as follows:

	2023
Expected average revenue growth rate during the forecast period	-3.30% – 25.78%
Gross profit margin	8% – 44%
Growth rate beyond the forecast period	–
Pre-tax discount rate	10.40% – 12.55%

As at 31 December 2023, the Group considers that reasonably possible change in the key assumptions above would not cause the CGU's carrying amount at 31 December 2023 to exceed its recoverable amount.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ningbo Conch Cement Co., Ltd. ("Ningbo Conch") 寧波海螺水泥有限公司	RMB 171,000,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shanghai Mingzhu Conch Cement Co., Ltd. ("Mingzhu Conch") 上海海螺明珠水泥有限責任公司	RMB 30,000,000	94.2%	94.2%	-	Manufacture and sale of clinker and cement products
Anhui Tongling Conch Cement Co., Ltd. ("Tongling Conch") 安徽銅陵海螺水泥有限公司	RMB 742,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Changfeng Conch Cement Co., Ltd. ("Changfeng Conch") 安徽長豐海螺水泥有限公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhangjiagang Conch Cement Co., Ltd. ("Zhangjiagang Conch") 張家港海螺水泥有限公司	RMB 35,000,000	98.71%	98.71%	-	Manufacture and sale of clinker and cement products
Nantong Conch Cement Co., Ltd. ("Nantong Conch") 南通海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Digang Conch Cement Co., Ltd. ("Digang Conch") 安徽荻港海螺水泥股份有限公司	RMB 590,000,000	100%	99.75%	0.25%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiayang Conch Cement Co., Ltd. ("Jiayang Conch") 福建省建陽海螺水泥有限責任公司	RMB 14,000,000	76%	76%	-	Manufacture and sale of clinker and cement products
Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch") 安徽樅陽海螺水泥股份有限公司	RMB 410,000,000	100%	99.27%	0.73%	Manufacture and sale of clinker and cement products
Anhui Chizhou Conch Cement Co., Ltd. ("Chizhou Conch") 安徽池州海螺水泥股份有限公司	RMB 950,000,000	100%	99.67%	0.33%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 泰州海螺水泥有限責任公司	RMB 11,520,000	93.75%	93.75%	-	Manufacture and sale of clinker and cement products
Bengbu Conch Cement Co., Ltd. ("Bengbu Conch") 蚌埠海螺水泥有限責任公司	RMB 54,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenyi Conch Cement Co., Ltd. ("Fenyi Conch") 分宜海螺水泥有限責任公司	RMB 110,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shangyu Conch Cement Co., Ltd. ("Shangyu Conch") 紹興上虞海螺水泥有限責任公司	RMB 16,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiande Conch Cement Co., Ltd. ("Jiande Conch") 建德海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Lushan Conch Cement Co., Ltd. ("Lushan Conch") 江西廬山海螺水泥有限公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Taizhou Yangwan Conch Cement Co., Ltd. ("Yangwan Conch") 泰州楊灣海螺水泥有限責任公司	RMB 170,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanchang Conch Cement Co., Ltd. ("Nanchang Conch") 南昌海螺水泥有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Huaining Conch Cement Co., Ltd. ("Huaining Conch") 安徽懷寧海螺水泥有限公司	RMB 273,250,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhongguo Cement Co., Ltd. ("Zhongguo Plant") 中國水泥廠有限公司	RMB 194,600,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huai'an Conch Cement Co., Ltd. ("Huai'an Conch") 淮安海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Taicang Conch Cement Co., Ltd. ("Taicang Conch") 太倉海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 台州海螺水泥有限公司	RMB 70,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Haimen Conch Cement Co., Ltd. ("Haimen Conch") 海門海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangmen Conch Cement Co., Ltd. ("Jiangmen Conch") 江門海螺水泥有限公司	RMB 105,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ma'anshan Conch Cement Co., Ltd. ("Ma'anshan Conch") 馬鞍山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangsu Baling Conch Cement Co., Ltd. ("Baling Conch") 江蘇八菱海螺水泥有限公司	RMB 32,960,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shuangfeng Conch Cement Co., Ltd. ("Shuangfeng Conch") 雙峰海螺水泥有限公司	RMB 492,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Xuancheng Conch Cement Co., Ltd. ("Xuancheng Conch") 安徽宣城海螺水泥有限公司	RMB 406,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wuhu Conch Cement Co., Ltd. ("Wuhu Conch") 蕪湖海螺水泥有限公司	RMB 660,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Conch Cement Co., Ltd. ("Hunan Conch") 湖南海螺水泥有限公司	RMB 400,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") 英德海螺水泥有限責任公司	RMB 580,000,000	75%	70.01%	4.99%	Manufacture and sale of clinker and cement products
Xingye Kuiyang Conch Cement Co., Ltd. ("Kuiyang Conch") 興業葵陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch") 扶綏新寧海螺水泥有限責任公司	RMB 328,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Construction 安徽蕪湖海螺建築安裝工程有限責任公司	RMB 30,000,000	100%	100%	-	Provision of construction and installation services for industrial purposes

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Xing'an Conch Cement Co., Ltd. ("Xing'an Conch") 興安海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ninghai Qiangjiao Conch Cement Co., Ltd. ("Ninghai Conch") 寧海強蛟海螺水泥有限公司	RMB 110,240,000	100%	100%	-	Manufacture and sale of clinker and cement products
Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") 北流海螺水泥有限責任公司	RMB 450,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhanjiang Conch Cement Co., Ltd. ("Zhanjiang Conch") 湛江海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Xiangshan Conch Cement Co., Ltd. ("Xiangshan Conch") 象山海螺水泥有限責任公司	RMB 189,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Pingliang Conch 平涼海螺水泥有限責任公司	RMB 470,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Linxiang Conch Cement Co., Ltd. ("Linxiang Conch") 臨湘海螺水泥有限責任公司	RMB 290,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yueqing Conch Cement Co., Ltd. ("Yueqing Conch") 樂清海螺水泥有限責任公司	RMB 238,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Cement Co., Ltd. ("Quanjiao Conch") 全椒海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ningde Conch Cement Co., Ltd. ("Ningde Conch") 寧德海螺水泥有限責任公司	RMB 150,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch 廣元海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangdong Qingxin Cement Co., Ltd. ("Qingxin Conch") 廣東清新水泥有限公司	RMB 320,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Chongqing Conch 重慶海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Ganjiang Conch Cement Co., Ltd. ("Ganjiang Conch") 江西贛江海螺水泥有限責任公司	RMB 165,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Foshan Conch Cement Co., Ltd. ("Foshan Conch") 佛山海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Lu'an Conch Cement Co., Ltd. ("Lu'an Conch") 六安海螺水泥有限責任公司	RMB 89,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Dazhou Conch 達州海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liquan Conch 禮泉海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianyang Conch 千陽海螺水泥有限責任公司	RMB 490,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huainan Conch Cement Co., Ltd. ("Huainan Conch") 淮南海螺水泥有限責任公司	RMB 160,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yangchun Conch Cement Co., Ltd. ("Yangchun Conch") 陽春海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jining Conch Cement Co., Ltd. ("Jining Conch") 濟寧海螺水泥有限責任公司	RMB 235,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qiyang Conch Cement Co., Ltd. ("Qiyang Conch") 祁陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 湖南益陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Suzhou Conch Cement Co., Ltd. ("Suzhou Conch") 宿州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huangshan Conch Cement Co., Ltd. ("Huangshan Conch") 黃山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huazhou Conch Cement Co., Ltd. ("Huazhou Conch") 化州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Cement Co., Ltd. ("Jianghua Conch") 江華海螺水泥有限責任公司	RMB 266,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jianghua Conch Plastic Packaging Co., Ltd. ("Jianghua Plastic") 江華海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Longling Conch Cement Co., Ltd. ("Longling Conch") 龍陵海螺水泥有限責任公司	RMB 225,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch Plastic Packaging Co., Ltd. ("Guangyuan Plastic") 廣元海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Guiyang Conch 貴陽海螺盤江水水泥有限責任公司	RMB 706,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch 貴定海螺盤江水水泥有限責任公司	RMB 460,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zunyi Conch 遵義海螺盤江水水泥有限責任公司	RMB 530,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhuangxiang Conch 雲南壯鄉水泥股份有限公司	RMB 50,000,000	100%	99%	1%	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Baoshan Conch 保山海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Longan Conch 隆安海螺水泥有限責任公司	RMB 120,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Refractory Material 安徽海螺暹羅耐火材料有限公司	RMB 168,000,000	70%	70%	-	Manufacture, development and sale of refractory material
Tongren Conch 銅仁海螺盤江水水泥有限責任公司	RMB 510,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinlinghe 寶雞市眾喜金陵河水水泥有限公司	RMB 372,376,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenghuangshan 寶雞眾喜鳳凰山水水泥有限公司	RMB 928,800,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxian Conch 乾縣海螺水泥有限責任公司	RMB 560,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Liukuanguan 貴州六礦瑞安水泥有限公司	RMB 477,450,000	51%	51%	-	Manufacture and sale of clinker and cement products
Liangping Conch 梁平海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxinan 黔西南州發展資源開發有限公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bazhong Conch 巴中海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wenshan Conch 文山海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bozhou Conch Cement Co., Ltd. ("Bozhou Conch") 亳州海螺水泥有限責任公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanwei Cement 四川南威水泥有限公司	RMB 168,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhenjiang Beigu Conch Cement Co., Ltd. ("Beigu Conch") 鎮江北固海螺水泥有限責任公司	RMB 50,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Hami Building Material 哈密弘毅建材有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hami Xingyi Mining Co., Ltd. ("Hami Mining") 哈密興義礦業有限責任公司	RMB 3,000,000	100%	-	100%	Mining and related service
Lingyun Tonghong 廣西凌雲通鴻水泥有限公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Maoming Dadi Cement Co., Ltd. ("Maoming Dadi") 茂名市大地水泥有限公司	RMB 60,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinxian Conch Cement Co., Ltd. ("Jinxian Conch") 進賢海螺水泥有限責任公司	RMB 42,000,000	70%	70%	-	Manufacture and sale of clinker and cement products
Linxia Conch 臨夏海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch Material Trading Co., Ltd. ("Conch Material") 安徽海螺物資貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale of clinker and cement products
Wuxi Conch Sales Cement Co., Ltd. ("Wuxi Sales") 無錫海螺水泥銷售有限公司	RMB 100,000,000	100%	100%	-	Sale of clinker and cement products
Yingjiangyunhan 盈江縣允罕水泥有限公司	RMB 300,000,000	99%	99%	-	Manufacture and sale of clinker and cement products
Baoji Conch Plastic Packaging Co., Ltd. ("Baoji Plastic") 寶雞海螺塑膠包裝有限責任公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of cement packaging
Shaoyang Yeafing New Energy Co., Ltd. ("Yeafing New Energy") 邵陽市雲峰新能源科技有限公司	RMB 120,000,000	65%	65%	-	Sale and development of profile and related products
Hunan Yeafing Cement Co., Ltd. ("Yeafing Cement") 湖南省雲峰水泥有限公司	RMB 93,000,000	65%	65%	-	Manufacture and sale of clinker and cement products
Shuicheng Conch Panjiang Cement Co., Ltd. ("Shuicheng Conch") (note (i)) 水城海螺盤江水泥有限責任公司	RMB 800,000,000	87.22%	87.22%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Kunming Conch 昆明海螺水泥有限公司	USD 30,506,700	80%	80%	-	Manufacture and sale of clinker and cement products
Lianyuan Conch Cement Co., Ltd. ("Lianyuan Cement") 漣源海螺水泥有限公司	USD 74,800,000	80%	80%	-	Manufacture and sale of clinker and cement products
Ganzhou Conch 贛州海螺水泥有限責任公司	RMB 400,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Chaohu Conch Cement Co., Ltd. ("Chaohu Conch") 巢湖海螺水泥有限責任公司	RMB 500,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch Plastic Packaging Co., Ltd. ("Guiding Plastic") 貴定海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Fenghuang Building Material 陝西銅川鳳凰建材有限公司	RMB 584,612,000	65%	65%	-	Manufacture and sale of clinker and cement products
Haihui New Material 遵義海匯新材料有限責任公司	RMB 45,000,000	60%	60%	-	Manufacture and sale of concrete products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Chizhou Conch New Material Co., Ltd. ("Chizhou New Material") 池州海螺新材料有限責任公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of concrete products
Guangyuan Conch New Material Co., Ltd. ("Guangyuan New Material") 廣元海螺新材料有限責任公司	RMB 40,000,000	90%	90%	-	Manufacture and sale of concrete products
Bazhong Construction 巴中海螺建材有限責任公司	RMB 50,000,000	90%	90%	-	Manufacture and sale of clinker and cement products
Chongqing Trading 重慶海螺物資貿易有限責任公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Wuhu Conch Mining Co., Ltd. ("Wuhu Mining") 蕪湖海螺礦業有限責任公司	RMB 12,000,000	70%	70%	-	Mining and selling aggregates
Wuhu Southeast Asia International Trading Co., Ltd. ("Southeast Asia Trading") 蕪湖東南亞國際貿易有限公司	USD 40,000,000	55%	55%	-	Sale and trading of clinker and cement products and provision of related services

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangdong Qingyuan Guangying Cement Co., Ltd. ("Guangying Cement") 廣東清遠廣英水泥有限責任公司	RMB 345,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Basu Conch 八宿海螺水泥有限責任公司	RMB 827,500,000	70%	70%	-	Manufacture and sale of clinker and cement products
Chuzhou Conch Cement New Construction Materials Co., Ltd. ("Chuzhou New Material") 滁州海螺新型建材有限公司	RMB 11,000,000	70%	70%	-	Manufacture and sale of concrete products
Jiangsu Conch Cement Construction Materials Co., Ltd. ("Jiangsu Material") 江蘇海螺建材有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Hunan Haizhong Trading Co., Ltd. ("Hunan Haizhong") 湖南海中貿易有限責任公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yunnan Haizhong Trading Co., Ltd. ("Yunnan Haizhong") 雲南海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yangzhou Conch Cement Co., Ltd. ("Yangzhou Conch") 揚州海螺水泥有限責任公司	RMB 210,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 弋陽海螺水泥有限責任公司	RMB 457,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shimen Conch Cement Co., Ltd. ("Shimen Conch") 石門海螺水泥有限責任公司	RMB 421,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shanghai Conch Construction Material International Trading Co. Ltd. ("Conch International Trading") 上海海螺建材國際貿易有限公司	RMB 100,000,000	100%	100%	-	Sale, exporting and trading of clinker and cement products
Wuhu Conch Plastic Products Co., Ltd. ("Wuhu Plastic") 蕪湖海螺塑膠製品有限公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of cement packaging
Anhui Ningchang Plastic Packaging Co., Ltd. ("Ningchang Plastic") 安徽寧昌塑膠包裝有限公司	RMB 53,554,100	100%	100%	-	Manufacture and sale of cement packaging
Shanghai Conch Logistic Co., Ltd. ("Conch Logistic") 上海海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangdong Yinglong Conch Logistic Co., Ltd. ("Yinglong Logistic") 廣東英龍海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Yingde Conch Plastic Packaging Co., Ltd. ("Yingde Plastic") 英德海螺塑膠包裝有限責任公司	RMB 6,000,000	100%	100%	-	Manufacture and sale of cement packaging
Huai'an Chuzhou Conch Cement Co., Ltd. ("Chuzhou Conch") 淮安楚州海螺水泥有限責任公司	RMB 113,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Haizhong Trading Co., Ltd. ("Jiangxi Haizhong") 江西海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou Haizhong Trading Co., Ltd. ("Guizhou Haizhong") 貴州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Nanjing Haizhong Trading Co., Ltd. ("Nanjing Haizhong") 南京海中貿易有限公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Shaanxi Haizhong Trading Co., Ltd. ("Shaanxi Haizhong") 陝西海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guangxi Chongzuo Haizhong Trading Co., Ltd. ("Chongzuo Haizhong") 廣西崇左海中貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Tongchuan Conch New Material 銅川海螺新材料有限責任公司	RMB 40,000,000	65%	65%	-	Manufacture and sale of concrete products
Linquan Conch Cement Co., Ltd. ("Linquan Conch") 臨泉海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Warehouse Logistics
Zhuhai Haizhong Trading Co., Ltd. ("Zhuhai Haizhong") 珠海海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Fenyi Conch Construction Materials Co., Ltd. ("Fenyi Material") 分宜海螺建築材料有限責任公司	RMB 1,000,000,000	97.51%	97.51%	-	Processing and sales of construction stones

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangxi Yiyang Conch New Construction Material Co., Ltd. ("Yiyang Construction Material") 江西弋陽海螺新型建材有限責任公司	RMB 100,000,000	70%	70%	-	Production and sales of construction materials
Jiangxi Yiyang Conch New Material Co., Ltd. ("Yiyang New Material") 江西弋陽海螺新材料有限責任公司	RMB 30,000,000/ RMB 12,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Haizhong Investment ("Haizhong Investment") 安徽海中投資有限公司	RMB 1,450,000,000/ RMB 1,000,000,000	51%	51%	-	Investment and trading
Nanjiang Conch Cement Co., Ltd. ("Nanjiang Conch") 南江海螺水泥有限責任公司	RMB 300,000,000	51%	51%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Construction Technology Co., Ltd. ("Quanjiao Construction") 全椒海螺建築科技有限責任公司	RMB 300,000,000	90%	90%	-	Provision of construction and installation services for industrial purposes
Anhui Haibo Intelligent Technology Co., Ltd. ("Haibo Intelligent") 安徽海博智能科技有限責任公司	RMB 80,000,000	60%	60%	-	Research and experimental development

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nantong Conch Concrete Co., Ltd. ("Nantong Concrete") 南通海螺混凝土有限責任公司	RMB 60,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Conch Zhongnan Intelligent Robot Co., Ltd. ("Zhongnan Intelligent") 安徽海螺中南智能機器人有限責任公司	RMB 50,000,000	51%	51%	-	Research development and manufacture of automation machinery
Tongling Conch New Material Co., Ltd. ("Tongling New Material") 銅陵海螺新材料有限責任公司	RMB 25,000,000	70%	70%	-	Production and sales of concrete and related products
Liquan Conch Construction Technology Co., Ltd. ("Liquan Construction Technology") 禮泉海螺建築科技有限責任公司	RMB 200,000,000	100%	100%	-	Industrial and civil building construction
Xiaoxian Conch Cement Co., Ltd. ("Xiaoxian Conch") 蕭縣海螺水泥有限責任公司	RMB600,000,000/ RMB 200,000,000	60%	60%	-	Manufacture and sale of clinker and cement products
Anhui Haihui Supply Chain Technology Co., Ltd. ("Haihui Supply Chain Technology") (note (iv)) 安徽海慧供應鏈科技有限公司	RMB 150,000,000	65.6%	65.6%	-	Logistics transportation agency service
Hainan Changjiang Conch Cement Co., Ltd. ("Changjiang Conch") 海南昌江海螺水泥有限公司	RMB 650,000,000	100%	-	100%	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Wuhu South Cement Co., Ltd ("Wuhu South Cement") 蕪湖南方水泥有限公司	RMB 300,000,000	26.01%	-	51%	Manufacture and sale of clinker and cement products
Nantong Haimen Conch New Material Co., Ltd. ("Haimen New Material") 南通市海門海螺新材料有限責任公司	RMB 300,000,000	100%	100%	-	Production and sales of new materials
Tongling Conch New Construction ("Tongling Construction") 銅陵海螺新型建材有限公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Changjiang Conch Huangsheng Plastic Packaging ("Changjiang Plastic Packaging") 昌江海螺華盛塑膠包裝有限公司	RMB 50,000,000	60%	60%	-	Manufacture and sale of cement packaging
Tianjin Haihui Supply Chain Technology ("Tianjin Haihui") (note (iv)) 天津海慧供應鏈科技有限公司	RMB 10,000,000	65.6%	-	100%	Logistic services
Nantong Conch Construction Material Co., Ltd. ("Nantong Construction") 南通海螺建築材料有限責任公司	RMB 30,000,000	100%	100%	-	Sales of construction materials
Conch New Energy and its subsidiaries ("Conch New Energy") (note (v)) 安徽海螺新能源有限公司及其附屬公司	RMB 5,000,000,000	100%	100%	-	Photovoltaic and wind power generation and energy storage system development

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiande Conch Green Construction ("Jiande Green Construction") 建德海螺綠色建材有限公司	RMB 40,000,000	100%	100%	-	Photovoltaic and wind power generation and energy storage system development
Zhaoqing Trading Green Quarry ("Zhaoqing Quarry") 肇慶交投綠色石場有限公司	RMB 1,500,000,000	51%	-	51%	Processing and sales of construction stones
Fengkai Conch Trading Green Construction ("Fengkai Green Construction") 封開海螺交投綠色建材有限公司	RMB 10,000,000	68%	68%	-	Processing and sales of construction stones
Tengchong Teng Yue Cement Co., Ltd. ("Tengchong Tengyue") 騰沖市騰越水泥有限公司	RMB 56,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou New Shuanglong Cement Co., Ltd. ("Guizhou New Shuanglong") 貴州新雙龍水泥有限公司	RMB 200,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Youxi Conch Cement Co., Ltd. ("Youxi Conch") 尤溪海螺水泥有限責任公司	RMB 800,000,000/ RMB 200,000,000	33.81%	-	66.3%	Sale and trading of clinker and cement products and provision of related services

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Green New Material 安徽海螺綠色新型材料有限公司	RMB 1,500,000,000	65%	65%	-	Manufacture and sales of new construction materials
Bozhou Huayi New Material 亳州市華誼新型材料有限公司	RMB 50,300,000	65%	-	100%	Production and sales of concrete and related products
Zhonglian New Material 安徽省中聯新型材料有限公司	RMB 50,300,000	65%	-	100%	Production and sales of concrete and related products
Zhonglian Xiangjiao Construction 中聯湘譙建材有限公司	RMB 100,000,000	65%	-	100%	Production and sales of concrete and related products
Motai New Material 安徽省墨泰新型材料有限公司	RMB 50,300,000	65%	-	100%	Production and sales of concrete and related products
Huasheng Road Engineering 亳州市華盛道路工程有限公司	RMB 26,000,000	65%	-	100%	Production and sales of concrete and related products
Zhonglian Construction 亳州市中聯建設工程有限公司	RMB 10,000,000	65%	-	100%	Construction of highway engineering
Xiangjiao Construction 亳州湘譙建築工業化有限公司	RMB 50,300,000	65%	-	100%	Provision of construction and installation services for industrial purposes

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhonglian Guanteng 安徽中聯觀騰新型材料有限公司	RMB 50,300,000	65%	-	100%	Design and technical service for industrial products
Zhonglian Motaike 安徽中聯摩泰克新型材料有限公司	RMB 50,300,000	65%	-	100%	Processing and sales of manufactured sand
Wuhu Conch Green Construction Technology Co., Ltd. ("Wuhu Green Construction") 蕪湖海螺綠色建築科技有限責任公司	RMB 200,000,000	100%	100%	-	Construction of building intelligent engineering
Hongfeng Cement 廣東海螺鴻豐水泥有限公司	RMB 1,000,000,000/ RMB 800,000,000	100%	51%	49%	Production of cement products and exploitation of mineral resources
Yingde Shengde 英德市聖德混凝土有限公司	RMB 5,000,000	70%	-	100%	Production and sales of concrete and related products
Yingde Tongde 英德市通德混凝土有限公司	RMB 5,000,000	70%	-	100%	Road freight transport and sales of cement products
Wuhu Conch Green Construction Co., Ltd. ("Wuhu Green Construction") 蕪湖海螺綠色建材有限責任公司	RMB 500,000,000	67%	67%	-	Processing and sales of construction stones
Ningguo Conch Green Construction ("Ningguo Green Construction") 甯國海螺綠色建材有限公司	RMB 500,000,000	60%	60%	-	Processing and sales of construction stones

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ma'an Mountain Conch Green Construction ("Ma'an Mountain Green Construction") 馬鞍山海螺綠色建材有限公司	RMB 2,000,000,000	100%	100%	-	Processing and sales of construction stones
Yingde Conch Green New Material ("Yingde Green New Material") 英德海螺綠色新型材料有限公司	RMB 100,000,000	70%	-	70%	Production and sales of nonmetallic mineral products and investment
Huai'an Conch Green Construction Technology ("Huai'an Green Construction") 淮安海螺綠色建築科技有限公司	RMB 70,000,000	100%	100%	-	Providing technical services and production and sales of cement products
Zongyang Conch New Material Technology ("Zongyang New Material") 縱陽海螺新材料科技有限公司	RMB 1,000,000,000	51%	51%	-	Production and sales of nonmetallic mineral products and related products
PT Conch Cement Indonesia ("Indonesia Conch") 印尼海螺水泥有限公司	USD 51,000,000	75%	75%	-	Manufacture and sale of clinker and cement products investment and trading
PT Conch South Kalimantan Cement ("Indonesia South Conch") 南加裡曼丹海螺水泥有限公司	USD 90,000,000	71.25%	-	71.25%	Manufacture and sale of clinker and cement products
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") 印尼海螺國際貿易有限公司	USD 30,000,000	100%	10%	90%	Investment and trading

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT Conch Manos South Sulawesi Mine ("South Sulawesi Conch") 南蘇拉威西馬諾斯海螺礦山有限公司	USD 1,000,000	67.5%	-	90%	Mining and related service
PT Conch Maros Cement Indonesia ("Maros Conch") 印尼馬諾斯水泥有限公司	USD 14,000,000	100%	-	100%	Sale of cement products and provision of related services
PT Conch Barru Cement Indonesia ("Barru Conch") 印尼巴魯海螺水泥有限公司	USD 25,000,000	100%	-	100%	Sale of cement products and provision of related services
PT Conch North Sulawesi Cement ("North Sulawesi Conch") 北蘇海螺水泥有限公司	USD 80,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
PT Conch West Kalimantan Cement ("West Kalimantan Conch") 西加裡曼丹海螺水泥貿易有限公司	USD 4,000,000	100%	-	100%	Sale of cement products and provision of related services
Battambang Conch 馬德望海螺水泥有限公司	USD 50,000,000	60%	-	60%	Sale of cement products and provision of related services
Volga Conch 伏爾加海螺水泥有限責任公司	RUB 132,477,680	75%	75%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Luangprabang Conch 瑯勃拉邦海螺水泥有限公司	USD 23,000,000	70%	-	70%	Manufacture and sale of clinker and cement products
Vientiane Conch 萬象海螺水泥有限公司	USD 20,000,000/ USD 18,750,000	75%	-	75%	Manufacture and sale of clinker and cement products
Myanmar Conch Cement (Mandalay) Co., Ltd. ("Mandalay Conch") 緬甸海螺(曼德勒)水泥有限公司	USD 45,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Qarshi Conch 卡爾希海螺水泥外國企業有限責任公司	USD 58,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Phnom Penh Conch 海螺KT水泥(金邊)有限公司	USD 50,000,000	55%	-	55%	Manufacture and sale of clinker and cement products
Conch International 海螺國際控股(香港)有限公司	USD 285,400,000	100%	100%	-	Investment and Trading
Tonga Conch Mining Co., Ltd. ("Tonga Mining") 東加海螺礦山有限公司	USD 1,000,000/ USD 0	100%	-	100%	Mining and related service

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Beisu Conch Mining Co., Ltd. ("Beisu Mining") 北蘇海螺礦山有限公司	USD 1,000,000/ USD 0	100%	-	100%	Mining and related service
Tashkent Conch 塔什干海螺合資企業水泥有限公司	USD 34,300,000	65%	-	65%	Manufacture and sale of clinker and cement products
Andijan Conch 上峰友誼之橋有限責任公司	USD 5,000,000	51%	-	51%	Manufacture and sale of clinker and cement products
Conch Environment Protection (note (v)) 中國海螺環保控股有限公司及其附屬公司	HKD 150,000,000	21.21%	5.55%	15.66%	Industrial waste storage and disposal
Hongji Cement 奈曼旗宏基水泥有限公司	RMB 465,260,000	80%	80%	-	Manufacture and sale of clinker and cement products
Chifeng Conch Cement Co., Ltd. ("Chifeng Conch") 赤峰海螺水泥有限責任公司	RMB 120,000,000/ RMB 80,500,000	80%	-	100%	Manufacture and sale of clinker and cement products
Naiman Xingta Renewable Resources Co., Ltd. ("Xingta Renewable Resources") 奈曼旗興塔再生資源有限公司	RMB 80,000,000	80%	-	100%	Renewable resources sales and Renewable resource processing

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Inner Mongolia Yuexing Environmental Technology Co., Ltd. ("Yuexing Environmental Technology") 內蒙古躍興環保科技有限公司	RMB 70,000,000/ RMB 56,572,840	80%	-	100%	Industrial waste storage and disposal
Qingyuan Guangying Mining Industry Co., Ltd. ("Guangying Mining Industry") 清遠市廣英礦業有限公司	RMB 62,950,000	80%	-	100%	Mining and selling aggregates
Chongqing duoji 重慶市多吉再生資源有限公司	RMB 20,408,163	51%	51%	-	Renewable resources sales and Renewable resource processing
Shuangfeng Conch Green Construction Co., Ltd. ("Shuangfeng Green Construction") 雙峰海螺綠色建材有限公司	RMB 500,000,000/ RMB 100,000,000	65%	65%	-	Manufacture and sales of new construction materials
Changsha Yongyun Building Materials 長沙永運建材有限公司	RMB 30,000,000	100%	-	100%	Sales of construction materials
Liuzhi Conch New Construction Co., Ltd. ("Liuzhi New Construction") 六枝海螺溢鑫綠色新型建材有限公司	RMB 50,000,000/ RMB 11,300,000	70%	-	70%	Manufacture and sales of new construction materials
Mengcheng Conch Construction Co., Ltd. ("Mengcheng Construction") 蒙城海螺建材有限公司	RMB 100,000,000	100%	100%	-	Sales of construction materials

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Lianyungang Conch Green Construction Co., Ltd. ("Lianyungang Green Construction") 連雲港海螺綠色建材有限公司	RMB 50,000,000	100%	100%	-	Manufacture and sales of new construction materials
Conch (Guizhou) Holding, Ltd. ("Guizhou Holding") 海螺(貴州)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Hunan) Holding, Ltd. ("Hunan Holding") 海螺(湖南)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Shaanxi) Holding, Ltd. ("Shaanxi Holding") 海螺(陝西)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Yunnan) Holding, Ltd. ("Yunnan Holding") 海螺(雲南)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shanghai Zhizhi 上海智質科技有限公司	RMB 80,000,000	55%	55%	-	Construction of intelligent building engineering

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Zhizhi Engineering Technology Co., Ltd. ("Anhui Zhizhi") 安徽智質工程技術有限公司	RMB 30,000,000	55%	-	100%	Technical services and technical development and technical consulting
Jinggong Testing 安徽精公檢測檢驗中心有限公司	RMB 8,000,000	100%	100%	-	Product testing and inspection and Environmental inspection
Changde Dingxing Concrete Products Co., Ltd. ("Changde Dingxing") 常德頂興混凝土製品有限公司	RMB 10,000,000	100%	-	100%	Road freight transport and sales of cement products
Pingliang Conch New Green Material Co., Ltd. ("Pingliang New Green Material") 平涼海螺綠色新型材料有限公司	RMB 35,000,000	100%	100%	-	Manufacture and sales of new construction materials
Guiyang Conch Green Construction Co., Ltd. ("Guiyang Green Construction") 貴陽海螺綠色建材有限公司	RMB 50,000,000	100%	100%	-	Manufacture and sales of new construction materials
Nanjing Conch New Green Material Technology Co., Ltd. ("Nanjing New Green Material") 南京海螺綠色新型材料科技有限公司	RMB 50,000,000	100%	-	100%	Manufacture and sales of new construction materials
Zongyang Conch New Green Material Co., Ltd. ("Zongyang New Green Material") 縱陽海螺綠色新型材料有限公司	RMB 35,000,000	100%	100%	-	Manufacture and sales of new construction materials

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Xingye Conch New Material Co., Ltd. ("Xingye New Material") 興業海螺新材料有限責任公司	USD 6,000,000	100%	-	100%	Manufacture and sales of new construction materials
Anhui Conch Construction Machinery Technology Co., Ltd. ("Anhui Construction Machinery") 安徽海螺工程機械科技有限責任公司	RMB 40,000,000	65%	-	65%	machinery installation and maintenance
Bozhou Conch Construction Sales Co., Ltd. ("Bozhou Construction Sales") 亳州海螺建材銷售有限公司	RMB 100,000,000/ RMB 25,000,000	52%	-	65%	Sales of construction materials and cement products
Guixi City Yinggui Ready-mixed Mortar Co., Ltd. ("Guixi Yinggui") 貴溪市鷹貴預拌砂漿有限公司	RMB 26,000,000/ RMB 11,666,666	100%	-	100%	Road freight transport and sales of cement products
Linxia Tianxiang 臨夏縣天翔商砼有限責任公司	RMB 40,000,000	100%	-	100%	Road freight transport and sales of cement products
Conch (Hefei) Holding, Ltd. ("Hefei Holding") 海螺(合肥)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Conch (Guangxi) Holding, Ltd. ("Guangxi Holding") 海螺(廣西)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch (Zhejiang) Holding, Ltd. ("Zhejiang Holding") 海螺(浙江)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shaodong Panshi (note (iii)) 邵東市磐石混凝土有限公司	RMB 25,000,000	100%	-	100%	Production and sales of concrete and related products
Tongling Conch Environmental Technology Co. ("Tongling Environmental Technology") (note (ii)) 銅陵海螺環境科技有限公司	RMB 100,000,000	100%	100%	-	Chemical fibre manufacturing
Rugao Conch New Material Co. ("Rugao New Material") (note (ii)) 如皋海螺新材料有限責任公司	RMB 30,000,000	100%	100%	-	Production and sales of concrete and related products
Conch (Jiangsu) Holding, Ltd. ("Jiangsu Holding") (note (ii)) 海螺(江蘇)控股有限公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Nantong Tongzhou Conch New Material Co. ("Tongzhou New Material") (note (ii)) 南通通州海螺新型材料有限公司	RMB 30,000,000	100%	100%	-	Sales of construction materials and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Longnan Conch Cement Co. ("Longnan Conch") (note (ii)) 龍南海螺水泥有限責任公司	RMB 20,000,000	55%	-	100%	Manufacture and sale of clinker and cement products
Zhangjiagang Conch New Building Material Co. ("Zhangjiagang New Material") (note (ii)) 張家港海螺新型建材有限公司	RMB 30,000,000	100%	100%	-	Sales of construction materials and cement products
Anhui Conch Financial Services Co. ("Conch Financial Service") (note (ii)) 安徽海螺財務服務有限公司	RMB 50,000,000	100%	100%	-	Financial supporting services
Bengbu Conch Building Materials Co. ("Bengbu Material") (note (ii)) 蚌埠海螺建材有限公司	RMB 150,000,000/ RMB70,0000	70%	-	70%	Sales of construction materials and cement products

- (i) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 100%.
- (ii) These subsidiaries were newly established by the Group in 2023.
- (iii) These subsidiaries were acquired by the Group in 2023.
- (iv) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 60%.
- (v) These subsidiaries are intermediate holding companies of subsidiaries with non-controlling interests.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

All of the subsidiaries are limited liability companies except for Digang Conch, Chizhou Conch and Zhuangxiang Conch, which are joint stock limited companies.

The following table lists out the information relating to Prosperity Conch Cement Co., Ltd. and Conch Environment Protection, the subsidiaries of the Group which have a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Prosperity Conch Cement Co., Ltd.	
	2023 RMB'000	2022 RMB'000
NCI percentage	25%	25%
Current assets	5,252,802	5,834,004
Non-current assets	1,728,510	1,625,110
Current liabilities	275,325	278,320
Non-current liabilities	113,089	95,992
Net assets	6,592,898	7,084,802
Carrying amount of NCI	1,648,225	1,771,201
Revenue	2,437,379	2,578,070
Profit for the year	300,419	350,431
Total comprehensive income	300,419	350,431
Profit allocated to NCI	75,105	87,608
Dividend paid to NCI	20,000	–
Cash flows generated from operating activities	677,358	483,906
Cash flows used in investing activities	(197,024)	(449,785)
Cash flows used in financing activities	(513,967)	(28,774)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Conch Environment Protection 2023 RMB'000	Conch Environment Protection 2022 RMB'000
NCI percentage	78.79%	80%
Current assets	1,408,871	1,319,497
Non-current assets	8,564,538	7,839,485
Current liabilities	2,651,232	1,979,077
Non-current liabilities	3,180,064	3,346,374
Net assets	4,142,113	3,833,531
Carrying amount of NCI	3,415,430	3,198,569
	2023 RMB'000	Period from 28 October 2022 to 31 December 2022 RMB'000
Revenue	1,881,556	352,965
Profit for the year	262,361	52,197
Total comprehensive income	262,361	52,197
Profit allocated to NCI	214,924	41,916
Dividend paid to NCI	-	-
Cash flows generated from operating activities	665,244	102,847
Cash flows used in investing activities	(1,021,138)	(180,999)
Cash flows used in financing activities	315,815	(77,897)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Share of net assets	5,566,726	4,736,935
Goodwill	8,825	8,825
	5,575,551	4,745,760

The following list contains the associates of the Group, which are operating in the PRC:

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
West China Cement Limited ("West Cement") 中國西部水泥有限公司	GBP 20,000,000	Listed	29.80%	-	29.80%	Manufacture and sale of cement related products
China National Building Materials (Anhui) New Materials Industry Investment Fund partnership (Limited partnership) ("CNBM Investment") 中建材(安徽)新材料產業投資基金合夥企業(有限合夥)	RMB 15,000,000,000	Unlisted	10.69%	10.67%	-	Equity investment, asset management
China National Building Materials (Anhui) New Materials Fund Management Co., Ltd. ("CNBM Management") 中建材(安徽)新材料基金管理有限公司	RMB 50,000,000	Unlisted	7.62%	7.62%	-	Equity investment, asset management
Anhui Conch Haitong Industrial Internet Master Fund Partnership (Limited Partnership) ("Haitong Internet") 安徽海螺海通工業互聯網母基金合夥企業(有限合夥)	RMB 5,000,000,000	Unlisted	30.00%	30.00%	-	Equity investment, asset management
Anhui Conch Goldstone Innovation Development Investment Fund Partnership (Limited Partnership) ("Goldstone Innovation") 安徽海螺金石創新發展投資基金合夥企業(有限合夥)	RMB 5,000,000,000	Unlisted	20.00%	20.00%	-	Equity investment, asset management

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
Jiangsu Jiexia Environmental Protection Technology Co., Ltd. ("Jiangsu Jiexia") 江蘇傑夏環保科技有限公司	RMB 80,000,000	Unlisted	7.42%	-	35.00%	Industrial solid and hazardous waste treatment
Yunfu Guangjia Haizhong Environmental Protection Technology Co., Ltd. ("Yunfu Guangjia") 雲浮光嘉海中環保科技有限公司	RMB 60,000,000/ RMB 32,000,000	Unlisted	8.48%	-	40.00%	Industrial solid and hazardous waste treatment
Chongqing Nantong Environmental Protection Technology Co., Ltd. ("Chongqing Nantong") 重慶南桐環保科技有限公司	RMB 30,000,000	Unlisted	7.42%	-	35.00%	Industrial solid and hazardous waste treatment
Nanchen Nuoke Haizhong Environmental Protection Technology Co., Ltd. ("Nanchen Nuoke") 南城諾客海中環保科技有限責任公司	RMB 18,000,000	Unlisted	10.39%	-	49.00%	Industrial solid and hazardous waste treatment
Shanghai Conch Venture Dixin Protection Development Co., Ltd. ("Shanghai Conch Venture") 上海海創德鑫環保發展有限公司	RMB 50,000,000/ RMB Nil	Unlisted	8.48%	-	40.00%	Resource recycling service technical consultation
Xinji Mingguang City New Energy Co., Ltd. ("Xinji Mingguang") 新集明光市新能源有限公司	RMB 410,000,000/ RMB Nil	Unlisted	49.00%	-	49.00%	Wind power technology services and related engineering construction activities

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associate West Cement, adjusted for fair value and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2023*	1 October 2021 – 30 September 2022 [#]
	RMB'000	RMB'000
Revenue	9,020,901	7,899,950
Gain from continuing operations	421,278	1,515,017
Other comprehensive income	(51,577)	–
Total comprehensive income	369,701	1,515,017
Dividend received from the associate	105,519	141,008
<i>Reconciled to the Group's interests in the associate</i>		
Gross amount of net assets of the associate as at 31 December 2023/30 September 2022	11,973,943	11,195,460
Group's effective interest	29.80%	29.80%
Group's share of net assets of the associate	3,568,234	3,331,505
Goodwill	8,825	8,825
Others	22,953	219,625
Carrying amount in the consolidated financial statements as at 31 December 2023/2022	3,600,012	3,559,955

* Figures were quoted from the financial information disclosed by West Cement, as at 31 December 2023, taking into adjustments based on fair value at the time of investments.

Figures were quoted from the financial information disclosed by Yaobai Special Cement Group Co., Ltd., a domestic operating entity of West Cement, as at 30 September 2022, taking into account overseas consolidation adjustments and adjustments based on fair value at the time of investments.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associate CNBM Investment, adjusted for fair value and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2023	2022
	RMB'000	RMB'000
Revenue	457,089	134,338
Gain from continuing operations	310,477	67,708
Other comprehensive income	–	–
Total comprehensive income	310,477	67,708
<i>Reconciled to the Group's interests in the associate</i>		
Gross amount of net assets of the associate as at 31 December 2023/2022	13,987,925	6,131,424
Group's effective interest	10.67%	10.67%
Group's share of net assets of the associate	1,492,512	654,223
Others	123,694	462,079
Carrying amount in the consolidated financial statements as at 31 December 2023/2022	1,616,206	1,116,302

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTEREST IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	359,333	69,503

	2023 RMB'000	2022 RMB'000
Aggregate amounts of the Group's share of those associates that are not individually material		
Profit from continuing operations	3,580	(2,644)
Total comprehensive income	3,580	(2,644)

19 INTERESTS IN JOINT VENTURES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Share of net assets	2,157,969	2,015,223
Goodwill	31,672	31,672
	2,189,641	2,046,895

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the Group's interests in joint ventures, which are unlisted and operating in the PRC and overseas, at 31 December 2023 are as follows (Indonesian Rupiah referred to as "IDR"):

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	RMB 348,000,000	50%	50%	-	Provision of installation and maintenance services of machinery
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬(蕪湖)國際貿易有限公司	USD 47,200,000	45%*	45%	-	Export and import business
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	USD 80,000,000	49%*	49%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	USD 42,000,000	45%*	45%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺(仰光)水泥有限公司	USD 10,000,000	50%	50%	-	Manufacture and sale of clinker and cement product
Huaibei Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北相山水泥有限責任公司	RMB 408,628,000	40%*	40%	-	Manufacture and sale of clinker and cement product

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT Eternal Richway 印尼富恒利有限公司	USD 2,000,000	49%*	-	49%	Mining and related services
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	IDR 10,100,000,000	49%*	-	49%	Mining and related services
Anhui Conch Clean Energy Co., Ltd. ("Conch Clean Energy") 国家电投安徽海螺清洁能源有限公司	RMB 50,000,000	49%*	-	49%	wind power, photovoltaic power generation services
Wuhu Conch Wind Power Energy Technology Co., Ltd. ("Conch Wind Power Energy Technology") 蕪湖海螺風電能源科技有限公司	RMB 1,000,000/ RMB Nil	50%	-	50%	Wind power technology services and related engineering construction activities
Wuhu Fanchang Haixin Wind Power Energy Technology Co., Ltd. ("Haixin Wind Power Energy Technology") 蕪湖市繁昌區海鑫風電能源科技有限公司	RMB 1,000,000/ RMB Nil	50%	-	50%	Wind power technology services and related engineering construction activities
Wuhu Jiuzi Conch New Energy Co., Ltd. ("Jiuzi New Energy") 蕪湖鳩茲海螺新能源有限責任公司	RMB 11,400,000	49%*	-	49%	Electricity, heat production and supply
Jiande Haicheng New Materials Co., Ltd. 建德海誠新型材料有限公司	RMB 50,000,000/ RMB Nil	49%	-	49%	Manufacture of new construction materials

* According to the Articles of Association of these entities, the Group jointly controls these entities, together with other third parties.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of Xiangshan Cement, a material joint ventures, adjusted for fair value and any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2023 RMB'000	2022 RMB'000
Gross amounts of joint ventures		
Current assets	1,845,074	1,767,396
Non-current assets	2,221,433	2,389,914
Current liabilities	(410,253)	(537,137)
Non-current liabilities	(4,966)	(5,141)
Equity	3,651,288	3,615,032
Equity attributable to equity shareholders of the joint ventures	3,598,844	3,559,838
Included in the above assets and liabilities:		
Cash and cash equivalents	59,469	55,635
Revenue	1,574,505	2,254,853
Profit from continuing operations	130,953	522,429
Other comprehensive income	-	-
Total comprehensive income	130,953	522,429
Dividend received from the joint ventures	-	(240,000)
Included in the above profit:		
Depreciation and amortisation	(107,645)	(102,395)
Interest income	33,210	61,077
Interest expense	-	-
Income tax expense	(66,636)	(154,350)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

	2023	2022
	RMB'000	RMB'000
Reconciled to the Group's interests in joint ventures		
Gross amounts of net assets	3,598,844	3,559,838
Group's effective interest	40%	40%
Group's share of net assets of the joint ventures	1,422,033	1,366,609
Goodwill	26,048	26,048
Carrying amount in the consolidated financial statements	1,448,081	1,392,657

Information of the other joint venture that are not material:

	2023	2022
	RMB'000	RMB'000
Carrying amount of the Group's interests in other joint ventures in the consolidated financial statements	741,560	654,238
Amount of the Group's share of the joint venture's		
Profit from continuing operations	72,499	58,200
Other comprehensive income	13,119	(11,912)
Total comprehensive income	85,618	46,288

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

20 LOANS AND RECEIVABLES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Loans and receivables	758,136	596,846
Less: current portion of loans and receivables (note 27)	(507,880)	(304,189)
	250,256	292,657

As at 31 December 2023, loans and receivables of the Group mainly represent advances made to local government authorities.

21 LONG-TERM PREPAYMENTS

As at 31 December 2023, the long-term prepayments comprised of prepayments of RMB2,782,602,000 (2022: RMB1,986,567,000) for acquisition of limestone mining rights and machinery, long-term value-added tax recoverable of RMB315,535,000 (2022: RMB332,402,000) and the deposits of RMB10,000,000 (2022: RMB10,000,000) for obtaining the mining resource rights. The deposits will not be refunded and are treated as part of the long-term assets when the acquisitions of such long-term assets are completed.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

22 FINANCIAL ASSETS MEASURED AT FVOCI

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non- trading purpose)	(i)	1,276,235	2,253,410
– Unlisted equity investment (Non- trading purpose)	(ii)	71,776	71,776
		1,348,011	2,325,186

Note (i): Financial assets measured at FVOCI – listed equity securities held by the Group are shares in Anhui Xinli Finance Co., Ltd. which is listed on the Shanghai Stock Exchange (“SSE”), China Conch Venture Holdings Limited and Huaxin Cement Co., Ltd. which are listed on Hong Kong Stock Exchanges (“HKEX”). The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2023 and 31 December 2022.

Note (ii): As at 31 December 2023, the fair value of the unlisted equity investment is approximately the same as its cost.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

23 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Raw materials	4,611,883	4,342,519
Work in progress	332,575	353,020
Finished goods	4,747,514	6,259,245
Spare parts	408,374	724,210
	10,100,346	11,678,994

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Carrying amounts of inventories sold	111,672,307	100,624,440

All of the inventories are expected to be recovered within one year.

24 ASSETS HELD FOR SALE

In December 2023, the Group committed to a plan to sell one production line and reached an agreement with a third-party buyer via online auction platform. The sale is expected to complete in 2024. Accordingly, those assets are presented as assets held for sale. The selling price is RMB27,020,000, tax included, and the expected cost to sell is RMB373,000.

As at 31 December 2023, the carrying amount of the asset held for sale is RMB23,538,000, which is the same as the fair value less costs to sell of RMB23,538,000.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 TRADE AND BILLS RECEIVABLES

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Trade debtors	4,457,064	5,678,753
Less: loss allowance for doubtful debts	(107,411)	(74,935)
	4,349,653	5,603,818
Bank acceptance notes receivable, carried at amortised cost	6,216,743	8,571,864
Finance company acceptance notes receivable, carried at amortised cost	87,503	–
Commercial acceptance notes receivable, carried at amortised cost	23,721	19,929
Bank acceptance notes receivable, carried at FVOCI	1,889,012	2,762,318
	12,566,632	16,957,929

All of the trade and bills receivables are expected to be recovered within one year.

(a) Ageing analysis

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

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Within 1 year	4,161,778	5,465,311
1 year or above	187,875	138,507
	4,349,653	5,603,818

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Ageing analysis (continued)

Trade debtors are mainly due within 30 to 180 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period.

Bank acceptance notes receivables are due within 1 year from the date of issuance.

Further details on the Group's credit policy are set out in note 39(a).

(b) Endorsed/discounted bank acceptance notes

As at 31 December 2023, the Group endorsed or discount the undue bank acceptance notes receivable of RMB8,160,955,000 (2022: RMB5,202,801,000) to its suppliers or to banks and derecognised these bank acceptance notes receivable in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 31 December 2023, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB8,160,955,000 (2022: RMB5,202,801,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable are derecognised if management consider, based on its "risks and rewards" evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bank acceptance notes receivable.

As at 31 December 2023, undue bank acceptance notes receivable of RMB1,392,732,000 (2022: RMB837,722,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Endorsed/discounted bank acceptance notes (continued)

As at 31 December 2023, undue bank acceptance notes receivable of RMB567,081,000 (2022: RMB1,988,195,000) discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loan was recognised accordingly. All these undue bank acceptance notes receivable were due within 1 year.

(c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB1,889,012,000 (2022: RMB2,762,318,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

26 FINANCIAL ASSETS MEASURED AT FVPL

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
Current Financial assets measured at FVPL			
Structured deposits	(i)	245,000	8,056,303
Wealth management products	(i)	1,039,885	1,528,070
Listed equity securities at FVPL	(ii)	925,848	1,170,548
		2,210,733	10,754,921
Non-current Financial assets measured at FVPL			
Wealth management products	(i)	–	1,001,300
		–	1,001,300

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

26 FINANCIAL ASSETS MEASURED AT FVPL (CONTINUED)

Note (i): As at 31 December 2023, the balance represents investments in short-term wealth management products, long-term wealth management products and structured deposits. The principal amounts of these products are RMB1,245,000,000 (2022: RMB10,400,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 31 December 2023 as their contractual cash flows are not solely payments of principal and interest.

Note (ii): Financial assets measured at FVPL – listed equity securities held by the Group are shares in Gansu Shangfeng Cement Co., Ltd., Jilin Yatai (Group) Co., Ltd. and Xinjiang Tianshan Cement Co., Ltd. which are listed on the SSE. These listed equity securities are held for trading purpose. The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2023.

27 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Purchase prepayments	2,333,084	2,904,818
Current portion of loans and receivables (note 20)	507,880	304,189
Value-added tax recoverable and other tax prepayment	1,259,350	1,211,930
Other receivables	3,046,194	3,453,549
	7,146,508	7,874,486

All of the prepayments and other receivables are expected to be recovered within one year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 AMOUNTS DUE FROM/TO RELATED PARTIES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Amounts due from:		
Papua Cement	47,941	49,206
Conch Kawasaki Equipment	130,340	261,245
Anhui Conch Construction Materials Design Centre (“Conch Design Institute”) 安徽海螺建材設計研究院有限責任公司	58,642	38,429
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“CK Equipment”) 安徽海螺川崎節能設備製造有限公司	14,650	6,706
Myanmar Conch	57,420	68,211
Anhui Conch Venture Green Energy Environmental Protection Group Co., Ltd. (“Anhui Conch Venture Green Energy and its subsidiaries”) 安徽海創綠能環保集團股份有限公司及其附屬公司	45,614	12,528
Anhui Conch Kawasak Engineering Co., Ltd. and its subsidiaries (“CK Engineering and its subsidiaries”) 安徽海螺川崎工程有限公司及其附屬公司	54,951	58,441
Xiangshan Cement and its subsidiaries	23,228	76,579
Chengli Construction Material Co., Ltd. (“Chengli Construction Material”) 建德市成利建材有限公司	-	3,999
PT Eternal Richway	44,218	38,784
Other related parties	33,488	49,498
	510,492	663,626

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 AMOUNTS DUE FROM/TO RELATED PARTIES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Amounts due to:		
Conch Kawasaki Equipment	189,340	48,250
CK Equipment	37,257	36,565
Papua Cement	9,267	27,372
Anhui Conch Information Technology Engineering Co., Ltd. and its subsidiaries (“Conch IT Engineering and its subsidiaries”) 安徽海螺信息技術工程有限公司及其附屬公司	25,847	48,077
CK Engineering and its subsidiaries	53,553	153,052
Conch Design Institute	93,760	107,330
Other related parties	624,466	480,963
	1,033,490	901,609

The amounts due from/to related parties mainly arose from the related party transactions as disclosed in note 42. The amounts due from/to related parties are unsecured and repayable on demand.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Cash at bank and on hand	11,519,878	16,157,918
Other cash and cash equivalents	31,531	505
Cash and cash equivalents in the statement of financial position and consolidated cash flow statement	11,551,409	16,158,423

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations

	Note	2023 RMB'000	2022 RMB'000
Profit before taxation		13,869,972	20,232,112
Adjustments for:			
Depreciation of investment properties and other property, plant and equipment	7(c)	6,805,826	6,140,489
Accrual of impairment loss on trade receivables	7(c)	32,476	1,568
Impairment loss on property, plant and equipment	7(c)	301,231	–
Amortisation of intangible assets	7(c)	639,430	648,458
Finance costs	7(a)	930,404	524,630
Interest income	6	(2,215,461)	(2,217,695)
Share of profits of associates		(178,789)	(402,632)
Share of profits of joint ventures		(90,950)	(233,753)
Net loss on disposal of property, plant and equipment	6	105,245	111,124
Net realised and unrealised loss on financial assets measured at FVPL	6	63,520	34,314
Dividend income from financial assets measured at FVPL	6	(24,115)	(32,283)
Dividend income from financial assets measured at FVOCI	6	(75,833)	(138,145)
Net gain on disposal of an associate	6	–	(91,838)
Gain arising from bargain purchase	6	–	(12,102)
Before changes in working capital carried forward		20,162,956	24,564,247

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations (continued)

	2023 RMB'000	2022 RMB'000
Before changes in working capital brought forward	20,162,956	24,564,247
Changes in working capital:		
Decrease/(increase) in inventories	1,580,924	(1,711,974)
Decrease/(increase) in trade and bills receivables	2,295,684	(4,239,256)
Increase in prepayments and other receivables	(40,244)	(1,430,572)
Decrease/(increase) in amounts due from related parties	153,134	(112,340)
(Decrease)/increase in trade and bills payables	(834,985)	1,060,466
(Decrease)/increase in contract liabilities	(681,697)	187,326
Decrease in other payables and accruals	(18,426)	(1,581,672)
Increase in amounts due to related parties	8,446	106,979
Increase in deferred income	180,131	34,530
Cash generated from operations	22,805,923	16,877,734

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans RMB'000 (Notes 33)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 34)	Total RMB'000
At 1 January 2023	21,989,192	11,283,855	80,918	33,353,965
Changes from financing cash flows:				
Proceeds from new bank loans and other borrowings	15,681,519	-	-	15,681,519
Repayment of bank loans and other borrowings	(12,123,940)	-	-	(12,123,940)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	(358,919)	-	(358,919)
Other payments related to financing activities	-	(150,655)	-	(150,655)
Capital and interest element of lease rentals paid	-	-	(74,110)	(74,110)
Total changes from financing cash flows	3,557,579	(509,574)	(74,110)	2,973,895

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans RMB'000 (Notes 33)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 34)	Total RMB'000
Exchange adjustments	11,229	-	-	11,229
Other changes:				
Increase through business combination not under common control	5,600	12,039	-	17,639
Non-cash settlement of bills discounted	(2,701,699)	-	-	(2,701,699)
Changes arising from operating and investing activities	-	97,129	-	97,129
Increase in lease liabilities from entering into new leases during the year	-	-	219,506	219,506
Interest expenses (note 7(a))	-	-	7,093	7,093
Dividends declared to non-controlling interests of non-wholly owned subsidiaries	-	358,919	-	358,919
Total other changes	(2,696,099)	468,087	226,599	(2,001,413)
At 31 December 2023	22,861,901	11,242,368	233,407	34,337,676

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 33)	Unsecured debentures RMB'000	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 34)	Total RMB'000
At 1 January 2022	8,272,563	3,498,708	10,737,565	70,777	22,579,613
Changes from financing cash flows:					
Proceeds from new bank loans and other borrowings	14,300,632	-	-	-	14,300,632
Repayment of bank loans and other borrowings	(3,090,016)	(3,498,708)	-	-	(6,588,724)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(411,072)	-	(411,072)
Other payments related to financing activities	-	-	(368,434)	-	(368,434)
Capital and interest element of lease rentals paid	-	-	-	(32,273)	(32,273)
Total changes from financing cash flows	11,210,616	(3,498,708)	(779,506)	(32,273)	6,900,129

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 33)	Unsecured debentures RMB'000	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 34)	Total RMB'000
Exchange adjustments	180,798	–	–	–	180,798
Other changes:					
Increase through business combination not under common control	3,920,161	–	1,119,050	6,767	5,045,978
Non-cash settlement of bills discounted	(1,594,946)	–	–	–	(1,594,946)
Changes arising from operating and investing activities	–	–	(204,326)	–	(204,326)
Increase in lease liabilities from entering into new leases during the year	–	–	–	31,521	31,521
Interest expenses (note 7(a))	–	–	–	4,126	4,126
Dividends declared to non-controlling interests of non-wholly owned subsidiaries	–	–	411,072	–	411,072
Total other changes	2,325,215	–	1,325,796	42,414	3,693,425
At 31 December 2022	21,989,192	–	11,283,855	80,918	33,353,965

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 RMB'000	2022 RMB'000
Within operating cash flow	47,063	42,838
Within investing cash flow	420,241	602,161
Within financing cash flow	74,110	32,273
	541,414	677,272

These amounts relate to the following:

	2023 RMB'000	2022 RMB'000
Lease rentals paid	121,173	75,111
Purchase of leasehold land use rights	420,241	602,161
	541,414	677,272

(e) Net cash outflow arising from the acquisition of subsidiaries

	2023 RMB'000	2022 RMB'000
Consideration paid in cash in respect of prior year's acquisition	436,770	1,298,791
Consideration paid in cash in respect of current year's acquisition	64,252	419,718
Less: cash and cash equivalents of subsidiaries acquired during the year	(3,364)	(636,247)
	497,658	1,082,262

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

30 TRADE AND BILLS PAYABLES

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Trade payables	5,949,509	6,448,179
Bills payables	269,939	211,695
	6,219,448	6,659,874

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

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Within 1 year (inclusive)	6,219,448	6,659,874
Between 1 year and 2 years (inclusive)	-	-
Between 2 years and 3 years (inclusive)	-	-
Over 3 years	-	-
	6,219,448	6,659,874

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

31 OTHER PAYABLES AND ACCRUALS

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Construction cost payables	4,117,218	3,631,279
Deposits from suppliers	2,085,350	1,964,226
Retention monies	528,623	496,935
Value-added tax payables	588,461	681,213
Other taxes payables	774,879	683,418
Payables for acquisition of subsidiaries	765,094	887,515
Payroll payables	1,512,588	1,639,167
Other payables	870,155	1,300,102
	11,242,368	11,283,855

32 CONTRACT LIABILITIES

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Contract liabilities		
Receipts in advance from customers		
– For purchase of clinker and cement products	2,869,531	3,554,173
– For solid and hazardous waste treatment service	13,621	10,676
	2,883,152	3,564,849

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

32 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance at 1 January	3,564,849	3,246,461
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(3,564,849)	(3,246,461)
Net increase in contract liabilities as a result of cash receipts in advance from customers for purchase of clinker and cement products (net off the contract liabilities as a result of recognising revenue during the year)	2,883,152	3,564,849
Balance at 31 December	2,883,152	3,564,849

33 BANK LOANS

At 31 December 2023, the bank loans were repayable as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Within 1 year or on demand	7,249,964	12,300,541
After 1 year but within 2 years	3,040,107	2,158,813
After 2 years but within 5 years	10,459,630	6,400,622
After 5 years	2,112,200	1,129,216
Total non-current bank loans	15,611,937	9,688,651
	22,861,901	21,989,192

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

33 BANK LOANS (CONTINUED)

At 31 December 2023, the bank loans were secured as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Bank loans		
– unsecured	21,734,110	18,852,151
– secured	566,372	1,148,846
– bills discounted	561,419	1,988,195
	22,861,901	21,989,192

Notes:

- (i) As at 31 December 2023, in addition to the bills discounted, certain bank loans, amounting RMB535,320,000 (2022: RMB1,048,933,000) were secured by certain assets of the Group. An analysis of the carrying value of these pledged assets is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Intangible assets (note 15)	1,195,204	1,212,430
Other property, plant and equipment (note 14)	141,727	69,794
	1,336,931	1,282,224

- (ii) As at 31 December 2023, total available banking facilities of the Group amounted to RMB77,430,228,000 (2022: RMB91,343,503,000). These facilities were utilised as bank loans to the extent of RMB21,734,110,000 (2022: RMB18,852,151,000) as at 31 December 2023.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

34 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	At 31 December 2023		At 31 December 2022	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	35,389	37,030	24,869	25,679
After 1 year but within 2 years	23,831	25,258	17,343	19,208
After 2 years but within 5 years	68,590	81,028	11,577	13,615
After 5 years	105,597	161,660	27,129	46,465
	198,018	267,946	56,049	79,288
	233,407	304,976	80,918	104,967
Less: total future interest expense		(71,569)		(24,049)
Present value of lease liabilities		233,407		80,918

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

35 LONG-TERM PAYABLES

The remaining contractual maturities of the Group's long-term payables at the end of the reporting period are as follows:

	At 31 December 2023		At 31 December 2022	
	Present value of the long-term payments RMB'000	Total long-term payments RMB'000	Present value of the long-term payments RMB'000	Total long-term payments RMB'000
Within 1 year	61,845	63,084	65,013	66,273
After 1 year but within 2 years	58,954	63,084	59,430	63,591
After 2 years but within 5 years	160,851	189,253	160,851	189,253
After 5 years	44,127	57,198	90,752	120,281
	263,932	309,535	311,033	373,125
	325,777	372,619	376,046	439,398
Less: total future interest expense		(46,842)		(63,352)
Present value of long-term payables		325,777		376,046

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

36 DEFERRED INCOME

	31 December 2023 RMB'000	31 December 2022 RMB'000
At 1 January	748,696	714,166
Government grants received (note)	268,654	115,671
Recognised in the consolidated statement of profit or loss	(88,523)	(81,141)
At 31 December	928,827	748,696

Note: Deferred income mainly represents the government grants received from relevant PRC authorities for property, plant and equipment improvement, such as energy-efficiency improvement. The grants are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective assets. There are no unfulfilled conditions and contingencies relating to the grants.

37 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance at 1 January	158,694	3,329,771
Provision for the year (note 8(a))	3,048,951	4,057,389
Tax paid during the year	(2,700,359)	(7,228,466)
Balance at 31 December	507,286	158,694
Representing:		
Tax recoverable	(426,887)	(611,940)
Tax payable	934,173	770,634
	507,286	158,694

37 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Expected credit loss allowances and impairment	Unrealised profits (Note)	Fair value adjustment arising from business combination	Tax losses	Deferred deductible expense	Depreciation of property, plant and equipment	Right-of-use assets	Lease liabilities	Deferred income	Fair value change of financial asset measured at FVOCI	Financial assets measured at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:												
At 1 January 2022	198,060	349,631	(505,647)	118,641	128,360	(842,264)	(29,233)	29,616	135,838	(81,368)	(15,917)	(514,303)
Changed/(credited) to income statement	(41,814)	140,736	40,245	172,489	(16,800)	(274,372)	(3,117)	3,092	14,200	-	147,961	182,830
Credited to reserves	-	-	-	-	-	-	-	-	-	171,956	-	171,956
Arising from acquisition	47,507	-	(330,723)	-	-	-	-	-	-	-	-	(283,216)
At 31 December 2022	203,753	490,367	(796,125)	291,140	111,560	(1,116,636)	(32,350)	32,708	150,038	90,588	132,044	(442,333)
At 1 January 2023	203,753	490,367	(796,125)	291,140	111,560	(1,116,636)	(32,350)	32,708	150,038	90,588	132,044	(442,333)
Changed/(credited) to income statement	36,444	120,826	92,039	47,482	(16,800)	(161,316)	(34,282)	14,861	37,221	-	61,175	197,870
Credited to reserves	-	-	-	-	-	-	-	-	-	182,047	-	182,047
Arising from acquisition	-	-	(8,776)	-	-	-	-	-	-	-	-	(8,776)
At 31 December 2023	240,197	611,193	(713,862)	338,622	94,760	(1,277,952)	(66,612)	47,569	187,259	272,615	193,219	(72,992)

Note: The unrealised profits arose from intra-group sales of inventories and property, plant and equipment, intra-group borrowings, and sale of inventories and property, plant and equipment to/from associates and joint ventures.

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

37 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2023 RMB'000	31 December 2022 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	(1,543,300)	(1,248,931)
Net deferred tax liabilities recognised on the consolidated statement of financial position	1,616,292	1,691,864
	72,992	442,933

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB358,227,000 (2022: RMB305,000,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The Group has not recognised deferred tax assets in respect of temporary difference of RMB77,599,000 (2022: RMB47,730,000) for the same reason mentioned above.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory	Fair value	Other reserves	Retained profits RMB'000	Total RMB'000
						surplus reserve RMB'000	reserve (non-recycling) RMB'000			
Balance at 1 January 2022		5,299,303	-	16,469,103	217,270	2,649,654	250,073	-	136,922,610	161,808,013
Changes in equity for 2022:										
Profit for the year		-	-	-	-	-	-	-	6,140,552	6,140,552
Other comprehensive income		-	-	-	-	-	(1,053,433)	-	-	(1,053,433)
Total comprehensive income		-	-	-	-	-	(1,053,433)	-	6,140,552	5,087,119
Increase by business										
combination under										
common control		-	-	(27,021)	-	-	-	-	-	(27,021)
Transfer of fair value reserve										
upon the disposal of										
financial assets at FVOCI		-	-	-	-	-	537,566	-	(537,566)	-
Dividends approved in respect										
of the previous year	38(b)	-	-	-	-	-	-	-	(12,612,340)	(12,612,340)
Others		-	-	-	-	-	-	15,429	(15,429)	-
Balance at 31 December										
2022		5,299,303	-	16,442,082	217,270	2,649,654	(265,794)	15,429	129,897,827	154,255,771

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

The Company	Note	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value	Other reserves	Retained profits RMB'000	Total RMB'000
							reserve (non-recycling) RMB'000			
Balance at 1 January 2023		5,299,303	-	16,442,082	217,270	2,649,654	(265,794)	15,429	129,897,827	154,255,771
Changes in equity for 2023:										
Profit for the year		-	-	-	-	-	-	-	17,797,508	17,797,508
Other comprehensive income		-	-	-	-	-	(546,139)	-	-	(546,139)
Total comprehensive income		-	-	-	-	-	(546,139)	-	17,797,508	17,251,369
Purchase of treasury shares		-	(339,160)	-	-	-	-	-	-	(339,160)
Dividends approved in respect of the previous year	38(b)	-	-	-	-	-	-	-	(7,842,968)	(7,842,968)
Others		-	-	-	-	-	-	27,441	(27,441)	-
Balance at 31 December 2023		5,299,303	(339,160)	16,442,082	217,270	2,649,654	(811,933)	42,870	139,824,926	163,325,012

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2023 RMB'000	2022 RMB'000
Final dividend proposed after the statement of financial position date of RMB0.96 (2022: RMB1.48) per ordinary share	5,065,978	7,842,968

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

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

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB1.48 (2022: RMB2.38) per ordinary share	7,842,968	12,612,340

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

(i) Registered and issued share capital

	31 December 2023		31 December 2022	
	No. of shares (‘000)	Amount RMB’000	No. of shares (‘000)	Amount RMB’000
Registered:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303
Issued and fully paid:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303

The Company issued 361,000,000 H shares with a par value of RMB1.00 each in October 1997 at an issue price of Hong Kong Dollars (the “HKD”) 2.28 per share. The H shares were listed on the Stock Exchange of Hong Kong Limited on 21 October 1997.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in January 2002 at an issue price of RMB4.10 per share. The A shares were listed on the SSE on 7 February 2002.

The Company issued 72,200,000 H shares with a par value of RMB1.00 each at an issue price of HKD8.20 per share in November 2003.

According to the resolution of the A-share shareholders' meeting held on 20 February 2006, the Proposal of Share Segregation Reform of Anhui Conch Cement Company Limited ("the Proposal") was approved whereby Conch Holdings agreed to pay cash consideration of RMB15 for every 10 floating A shares held by holders of floating A shares at the total amount of RMB300,000,000 with a view to obtaining a restricted listing right for the 622,480,000 non-floating state-owned shares of the Company then held by Conch Holdings. After the implementation of the Proposal, the proportion and number of shares in the Company held by holders of A shares and state-owned shares as well as the total issued share capital of the Company remained unchanged. The State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province ("SASAC") approved the Proposal on 15 February 2006.

On 1 March 2007, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 shares with trading restrictions (representing approximately 5% of the total issued shares of the Company at 31 December 2006) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 7 March 2007.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

On 24 April 2007, the Company obtained the approval of CSRC and (i) issued an aggregate of 22,755,147 A shares to Conch Holdings as consideration for the acquisition of 100% equity interest of Ningchang Plastic, 75% equity interest of Wuhu Plastic and 100% equity interest of Conch International Trading; and (ii) issued an aggregate of 287,999,046 A shares to Anhui Conch Venture Investment Co., Limited (“CV Investment”) (安徽海螺創業投資有限責任公司) as consideration for the acquisition of 49% equity interest in Digang Conch, 49% equity interest in Zongyang Conch, 49% equity interest in Chizhou Conch and 31.86% equity interest in Tongling Conch. Pursuant to these transactions, the registered capital of the Company was increased to RMB1,566,434,193 by the issuance of an additional 310,754,193 restricted A shares of RMB1 each, ranking pari passu with the then existing shares of the Company in all respects, except for the trading restrictions as noted above.

On 25 February 2008, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 A shares with trading restrictions (representing approximately 4% of the total issued shares of the Company at 31 December 2007) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 3 March 2008.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in May 2008 at an issue price of RMB57.38 per share, ranking pari passu with the then existing shares of the Company in all respects. The aforementioned A shares were listed on the SSE on 28 May 2008.

On 25 February 2009, the board of directors of the Company applied to the SSE for the listing of the 496,912,000 shares with trading restrictions (representing approximately 28% of the total issued shares of the Company at 31 December 2008) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 496,912,000 shares with trading restrictions on 2 March 2009.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(i) Registered and issued share capital (continued)

On 20 May 2010, the board of directors of the Company applied to the SSE for the listing of the 310,754,000 shares with trading restrictions (representing approximately 18% of the total issued shares of the Company at 31 December 2009) in the Company held by Conch Holdings, CV Investment and Ping An Trust and Investment Co., Ltd. on the SSE. The SSE approved the listing of such 310,754,000 shares with trading restrictions on 26 May 2010.

A shares and H shares rank pari passu in all respects, except that dividends on A shares are payable in RMB, while dividends on H shares are payable in HKD.

(ii) Capitalisation issue

The 2010 Annual General Meeting held on 31 May 2011 approved the bonus issue of 5 shares for every 10 shares held by the shareholders as at 15 June 2011. As a result, the issued share capital of the Company increased from RMB3,532,868,000 to RMB5,299,303,000 after capitalisation of share premium of RMB1,766,435,000.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Treasury shares

As at 31 December 2023, 15,065,000 ordinary shares are held as treasury shares (2022:nil).

During the year, the Company repurchased its own ordinary shares on The Shanghai Stock Exchange as follow:

Month/year	Number of shares repurchased	Highest price paid per share RMB	Lowest price paid per share RMB	Aggregate price paid RMB'000
November 2023	5,652,700	23.89	22.96	132,289
December 2023	9,412,300	22.90	21.35	206,871
	15,065,000			339,160

The total amount paid on the repurchased shares of RMB339,160,000 was paid by cash.

(e) Nature and purpose of reserves

(i) Share premium

Share premium represents net assets acquired from Conch Holdings in excess of the par value of shares issued, proceeds from the issuance of H shares and A shares (or fair value of A shares) issued in excess of their par value, net of underwriting commissions, professional fees and other reorganisation costs for listing purpose, and the effect of combination under common control.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Nature and purpose of reserves (continued)

(ii) Capital reserve

The capital reserve comprises the following:

- the differences between the cost of acquisition of non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired;
- cash contributed by Conch Holdings; and
- share of change of capital reserve of the investees.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its subsidiaries shall appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) as determined in accordance with CAS to the statutory surplus reserve account. When the balance of such reserve fund reaches 50% of the registered capital of the Company or any of its subsidiaries, further appropriation to that company will become optional.

The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital after proper approval. However, except for offsetting prior years' losses, the statutory surplus reserve of the Company and each subsidiary should be maintained at a minimum of 25% of the registered capital after utilisation.

For the year ended 31 December 2023, the subsidiaries of the Company appropriated the statutory surplus reserve in accordance with the articles of association. No statutory surplus reserve was appropriated for the Company in 2023, since the balance of the statutory surplus reserve reached 50% of the registered capital of the Company.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Nature and purpose of reserves (continued)

(iv) *Other reserve*

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve for the safety production purpose. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(v) *Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(g)).

(vi) *Retained earnings*

The distribution of dividends is made in accordance with the Company's articles of association at the recommendation of the Board of Directors and subject to approval by shareholders in general meetings. Pursuant to the Notice [1995] 31 issued by the Ministry of Finance of the PRC on 24 August 1995, the amount of profit available for distribution to equity shareholders will be determined based on the lower of unappropriated profits in the Company's financial statements determined in accordance with (i) CAS and regulations, and (ii) IFRSs.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is calculated as bank loans and other borrowings plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2023 and 2022 was as follows:

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Current liabilities:			
Bank loans	33	7,249,964	12,300,541
Lease liabilities	34	35,389	24,869
Current portion of long-term payables	35	61,845	65,013
Non-current liabilities:			
Bank loans	33	15,611,937	9,688,651
Lease liabilities	34	198,018	56,049
Long-term payables	35	263,932	311,033
Total debt		23,421,085	22,446,156
Add: Proposed dividends	38(b)	5,065,978	7,842,968
Less: Cash and cash Equivalents	29(a)	(11,551,409)	(16,158,423)
Adjusted net debt		16,935,654	14,130,701
Total equity attributable to equity shareholders of the Company		185,269,537	183,562,632
Less: Proposed dividends	38(b)	(5,065,978)	(7,842,968)
Adjusted capital		180,203,559	175,719,664
Adjusted net debt-to-capital ratio		9.40%	8.04%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in listed entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bank acceptance notes receivable is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 41, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 41.

Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2023: 26.22% (2022: 29.97%) of the total trade receivables was due from the Group's five largest customers.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are mainly due within 30 to 180 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables based on different customer segments due to different loss patterns.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2023 and 2022:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

		2023	
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Debtors from sales and trading of clinker, cement products and other materials and others			
Current (not past due)	0%	2,415,069	–
1 – 6 months past due	1%	175,402	1,755
6 – 12 months past due	10%	50,761	5,076
12 – 24 months past due	20%	21,676	4,335
More than 24 months past due	100%	10,385	10,385
		2,673,293	21,551
Individual assessment	100%	16,500	16,500
		2,689,793	38,051
Debtors from sales and trading of concrete products			
Current (not past due)	0%	420,351	504
1 – 3 months past due	2%	173,847	3,395
3 – 6 months past due	4%	118,331	4,943
6 – 12 months past due	8%	31,762	2,522
12 – 24 months past due	26%	26,240	6,751
More than 24 months past due	56%	888	494
		771,419	18,609

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

		2023	
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Debtors from sales and trading of clinker, cement products and other materials and others			
Debtors from solid and hazardous waste treatment service			
Current (not past due)	1%	670,690	5,013
Less than 1 year past due	7%	301,508	22,189
1 to 2 years past due	99%	7,014	6,909
Over 2 years	100%	6,099	6,099
		985,311	40,210
Individual assessment	100%	10,541	10,541
		995,852	50,751

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

	Expected loss rate	2022	
		Gross carrying amount	Loss allowance
Debtors from sales and trading of clinker, cement products and other materials and others	%	RMB'000	RMB'000
Current (not past due)	0%	3,726,745	–
1 – 6 months past due	1%	170,381	1,811
6 – 12 months past due	10%	57,690	5,769
12 – 24 months past due	20%	14,570	2,914
More than 24 months past due	100%	8,949	8,949
		3,978,335	19,443
Debtors from sales and trading of concrete products			
Current (not past due)	0%	377,561	–
1 – 6 months past due	1%	396,561	3,966
6 – 12 months past due	10%	115,351	11,535
12 – 24 months past due	20%	6,784	1,357
More than 24 months past due	100%	3,141	3,141
		899,398	19,999

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

	Expected loss rate	2022	
		Gross carrying amount	Loss allowance
Debtors from sales and trading of clinker, cement products and other materials and others	%	RMB'000	RMB'000
Debtors from solid and hazardous waste treatment service			
Current (not past due)	1%	542,823	3,601
Less than 1 year past due	7%	236,379	16,297
1 to 2 years past due	59%	15,261	9,038
Over 2 years	100%	2,516	2,516
		796,979	31,452
Individual assessment	100%	4,041	4,041
		801,020	35,493

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade and bills receivables (continued)

Movement in the expected credit loss allowance account in respect of trade debtors during the year is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Balance at 1 January	74,935	37,077
Increase through business combination not under common control	–	36,290
Impairment losses recognised during the year	32,476	1,568
Balance at 31 December	107,411	74,935

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

Other than endorsed bank acceptance notes with full recourse which were derecognised by the Group (see note 25), the following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2023 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and bills payables	6,219,448	-	-	-	6,219,448	6,219,448
Other payables and accruals	11,242,368	-	-	-	11,242,368	11,242,368
Bank loans	7,988,043	3,591,734	11,010,860	2,345,362	24,935,999	22,861,901
Lease liabilities	37,030	25,258	81,028	161,660	304,976	233,407
Long-term payables	63,084	63,084	189,253	57,198	372,619	325,777
Amounts due to related parties	1,033,490	-	-	-	1,033,490	1,033,490
	26,583,463	3,680,076	11,281,141	2,564,220	44,108,900	41,916,391

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

	2022 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and bills payables	6,659,874	-	-	-	6,659,874	6,659,874
Other payables and accruals	11,283,855	-	-	-	11,283,855	11,283,855
Bank loans	12,619,378	2,348,552	6,725,105	1,279,172	22,972,207	21,989,192
Lease liabilities	25,470	17,420	12,222	42,462	97,574	80,918
Long-term payables	66,273	63,591	189,253	120,281	439,398	376,046
Amounts due to related parties	901,609	-	-	-	901,609	901,609
	31,556,459	2,429,563	6,926,580	1,441,915	42,354,517	41,291,494

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's net cash at the end of the reporting period.

	2023		2022	
	Interest rate %	RMB'000	Interest rate %	RMB'000
Net fixed rate borrowings:				
Bank loans	1.55%-6.46%	11,322,312	0.50% ~ 4.90%	10,944,647
Lease liabilities	4.35% - 4.90%	233,407	4.35% - 4.90%	80,918
Long-term payables	4.75% ~ 4.90%	263,932	4.75% ~ 4.90%	311,033
Current portion of long-term payables	4.75% ~ 4.90%	61,845	4.75% ~ 4.90%	65,013
Less: Prepayments and other receivables	-	-	4.35% ~ 4.75%	(127,910)
Restricted cash deposits	0.20%~3.85%	(531,087)	1.10% ~ 3.85%	(530,804)
Bank deposits with maturity over three months	1.70%~9.50%	(56,035,319)	1.55% ~ 6.05%	(40,899,551)
Cash and cash equivalents	9.15%	(23,697)	-	-
		(44,708,607)		(30,156,654)
Variable rate borrowings:				
Bank loans	1.55%~6.19%	11,539,589	1.70%~4.00%	11,044,545
Less: Restricted cash deposits	0.20%~2.60%	(243,784)	0.30%~1.55%	(276,926)
Cash and cash equivalents	0.01%~6.00%	(11,526,171)	0.01%~6.00%	(16,153,167)
		(230,366)		(5,385,548)
Total		(44,938,973)		(35,542,202)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately RMB9,099,000 (2022: increased/decreased RMB33,899,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to fair value interest rate risk arising from fixed rate non-derivative instruments held by the Group at the end of the reporting period, the Group does not account for any fixed rate non-derivative instruments at FVPL. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2022.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, bank loans and other borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are United States Dollar, Thai Baht, Hong Kong Dollar and RMB. The Group manages this risk as follows:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(i) *Recognised assets and liabilities*

In respect of cash and cash equivalents, receivables, payables, bank loans and other borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) *Exposure to currency risk*

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date (United States Dollar referred to as "USD", Thai Baht referred to as "THB", Hong Kong Dollar referred to as "HKD"):

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in RMB'000)									
	2023					2022				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
The functional currency is RMB:										
Trade and bills payables	-	-	-	-	-	(14,642)	-	-	-	-
Cash and cash equivalents	678,551	-	46,341	-	-	1,226,504	-	48	-	-
Bank loans	-	-	-	-	-	-	-	-	-	(64,610)
Other receivables	665,774	-	-	-	-	654,672	-	-	-	-
The functional currency is Indonesia Rupiah:										
Cash and cash equivalents	4,714	-	-	71,378	-	8,651	-	-	24,579	-
Bank loans	(16,134)	-	-	(1,758,000)	-	(923,970)	-	-	(2,021,275)	-
The functional currency is Lao Kip:										
Cash and cash equivalents	9,343	1	-	620	-	21,182	1	-	103	-
Bank loans	-	-	-	(697,500)	-	-	-	-	(690,000)	-
The functional currency is Myanmar Kyat:										
Cash and cash equivalents	3,267	-	-	2,521	-	1,488	-	-	786	-
Bank loans	-	-	-	-	-	-	-	-	(814,000)	-

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in RMB'000)									
	2023					2022				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
The function currency is HKD:										
Cash and cash equivalents	4,805	-	-	303	-	172,567	-	-	471	-
Bank loans	-	-	-	(1,500,000)	-	(1,932,677)	-	-	(1,500,027)	-
The function currency is Uzbekistani Som:										
Cash and cash equivalents	689	-	-	219,407	-	44,308	-	-	-	-
Bank loans	(602,030)	-	-	-	-	(1,420,778)	-	-	-	-
Net exposure arising from recognised assets and liabilities	748,979	1	46,341	(3,661,271)	-	(2,162,695)	1	48	(4,999,363)	(64,610)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits
		RMB'000		RMB'000
USD	1%	5,617	1%	(16,220)
THB	1%	-	1%	-
HKD	1%	348	1%	-
RMB	1%	(27,460)	1%	(37,495)
EUR	1%	-	1%	(485)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2022.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments held for trading and non-trading purpose (see notes 22 and 26). Other than unquoted securities held for strategic purposes, all of these investments are listed. The Group's listed investments are listed on SSE and HKEX. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments that are not held for trading purposes have been chosen based on Group's longer-term strategic plans.

At 31 December 2023, it is estimated that an increase/(decrease) of 1% (2022: 1%) in the relevant stock price (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2023			2022		
		Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000		Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000
Change in quoted share price						
Increase	1%	6,944	18,086	1%	8,779	19,093
Decrease	(1%)	(6,944)	(18,086)	(1%)	(8,779)	(19,093)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk (continued)

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2022.

(f) Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) Financial instruments carried at fair value (continued)

	Fair value measurements as at 31 December 2023 using			
	Fair value at 31 December 2023 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
– Structured deposits	245,000	–	245,000	–
– Wealth management product issued by bank	1,039,885	–	1,039,885	–
– Listed equity securities	925,848	925,848	–	–
Financial assets measured at FVOCI:				
– Listed equity securities	1,276,235	1,276,235	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	1,889,012	–	1,889,012	–
Non-Recurring fair value measurement				
– Assets held for sale	23,538	–	23,538	–
	5,471,294	2,202,083	3,197,435	71,776

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) Financial instruments carried at fair value (continued)

	Fair value measurements as at 31 December 2022 using (restated)			
	Fair value at 31 December 2022 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
- Structured deposits	8,056,303	-	8,056,303	-
- Wealth management product issued by bank	2,529,370	-	2,529,370	-
- Listed equity securities	1,170,548	1,170,548	-	-
Financial assets measured at FVOCI:				
- Listed equity securities	2,253,410	2,253,410	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	2,762,318	-	2,762,318	-
	16,843,725	3,423,958	13,347,991	71,776

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (continued)

(i) *Financial instruments carried at fair value (continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

For wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products on the balance sheet date that published by commercial banks.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by calculating based on the discounted cash flow method.

For bank acceptance notes that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

For assets held for sale, that are measured at FVPL, the fair value is sales determined by reference to the selling price on market and sales order agreed with an independent third party.

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of unlisted equity securities is determined based on medium market multiples (e.g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate. Since the operating and financial status of the invested company has not undergone major changes, the fair value of unlisted equity securities is approximate to the cost of obtaining the equity securities.

(ii) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements were as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Contracted for	11,795,057	11,301,286
Authorised but not contracted for	6,592,351	7,254,772
	18,387,408	18,556,058

41 CONTINGENT LIABILITIES

At 31 December 2023, outstanding letters of credit issued by the Group amounted to RMB654,525,000 (2022: RMB162,421,000). The directors do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2023, the Group has issued guarantees for banking facilities of its related party, Papua Cement amounting to USD123,326,875, equivalent to RMB875,786,000 in aggregate (2022: issued guarantees for banking facilities of its related party, Papua Cement amounting to USD122,438,750, equivalent to RMB852,737,000). These facilities were utilised to the extent of RMB875,786,000 (2022: RMB852,737,000) as at 31 December 2023. The directors do not consider it probable that a claim will be made against the Group under any of these guarantees.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

In addition to the associates and joint ventures of the Group as disclosed in notes 18 and 19 of these financial statements, the directors are of the view that the following entities are related parties of the Group.

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch (Anhui) Energy Saving and Environmental Protection New Material Co., Ltd. and its subsidiaries ("Conch Energy Saving and its subsidiaries") (formerly known as Wuhu Conch Profile and Science Co., Ltd.) 海螺(安徽)節能環保新材料股份有限公司及其附屬公司 (前稱蕪湖海螺型材科技股份有限公司)	Subsidiary of Conch Holdings
Wuhu Conch International Hotel Co., Ltd. ("WH Conch Hotel") 蕪湖海螺國際大酒店有限公司	Subsidiary of Conch Holdings
Conch Design Institute 安徽海螺建材設計研究院有限責任公司	Subsidiary of Conch Holdings
Conch IT Engineering and its subsidiaries 安徽海螺信息技術工程有限責任公司及其附屬公司	Subsidiary of Conch Holdings

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Anhui Conch New Materials and Technology Co., Ltd. and its subsidiaries ("Conch New Materials") 安徽海螺材料科技股份有限公司及其附屬公司	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings
Anhui Conch Technology Innovation Material Co., Ltd ("Conch Tech Innovation Material") (formerly known as Anhui Conch Investment Company Limited) 安徽海螺科創材料有限責任公司 (前稱安徽海螺投資有限責任公司)	Subsidiary of Conch Holdings
Anhui International Trade Group Holding Co., Ltd. ("Anhui International Trade and its subsidiaries") 安徽國貿集團控股有限公司及其附屬公司	Subsidiary of Conch Holdings
Anhui Conch Capital Management Company Limited ("Conch Capital") 安徽海螺資本管理有限公司	Subsidiary of Conch Holdings
China Conch Environment Protection Holdings Co., Ltd. ("Conch Environment Protection and its subsidiaries") (note (i)) 中國海螺環保控股有限公司及其附屬公司	Former subsidiary of China Conch Venture
CK Engineering and its subsidiaries 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
CK Equipment 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Yangzhou Haichang Port Industrial Co., Ltd. ("HC Port") 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Construction Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Anhui Conch Venture Green Energy and its subsidiaries 安徽海創綠能環保集團股份有限公司及其附屬公司	Subsidiary of China Conch Venture
Conch Venture Wuhu 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy ("Clean Energy") 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the subsidiary of Conch Holdings

Note: (i) On 30 March 2022, China Conch Venture Conch completed the spin-off through a distribution in specie and separately listed the of shares of Conch Environment Protection on HKEX by way of introduction. Conch Environment Protection and its subsidiaries are no longer subsidiaries of China Conch Venture, and the Group no longer recognized them as the Group's related parties since then. On 28 October 2022, the Company obtained control of Conch Environment Protection.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Conch Kawasaki Equipment 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Papua Cement 國投印尼巴布亞水泥有限公司	Joint venture of the Company
Sino-Myanmar International 中緬 (蕪湖) 國際貿易有限公司	Joint venture of the Company
Myanmar Conch 緬甸海螺水泥有限公司	Joint venture of the Company
Yangon Conch 緬甸海螺 (仰光) 水泥有限公司	Joint venture of the Company
PT Eternal Richway 印尼富恒利有限公司	Joint venture of the Company
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	Joint venture of the Company
Xiangshan Cement 淮北相山水泥有限責任公司	Joint venture of the Company
West Cement 中國西部水泥有限公司	Associate of the Group
Jiangsu Jiexia 江蘇傑夏環保科技有限公司	Associate of the Group
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	2023 RMB'000	2022 RMB'000
Provision of services and sales of goods	6,674	8,861
Receiving services and purchase of goods	26,633	31,767
Interest expense on lease liabilities	–	104

(ii) Transactions with other related parties

	2023 RMB'000	2022 RMB'000
Sales of goods	363,926	378,595
Provision of services	166,915	150,239
Purchase of property, plant and equipment	949,869	949,609
Purchase of materials	2,256,999	1,905,710
Purchase of right-of-use assets	1,997	983
Interest expense on lease liabilities	107	30
Receiving services	501,822	593,233
Repayment of loan lent	12,910	6,890
Interest on loans	68	708
Dividend income	112,551	384,836

As at 31 December 2023, no bank loans were guaranteed by Conch Tech Innovation Material, the subsidiary of substantial shareholder of the Company (2022: RMB64,610,000).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties

(iii) Partnership agreements for investment with related parties

On 6 June 2023, the Company, Conch Capital and other investors entered in one partnership agreement for the investment in the Haitong Internet. The total fund size of Haitong Internet is RMB5 billion, of which, the Company agreed to contribute RMB1.5 billion and Conch Capital agreed to contribute RMB0.5 billion, both as limited partners. As at 31 December 2023, the Company paid up RMB0.18 billion.

On 8 September 2023, the Company, Conch Capital and other investors entered in one partnership agreement for the investment in Goldstone Innovation. The total fund size of Goldstone Innovation is RMB5 billion, of which, the Company agreed to contribute RMB1 billion and Conch Capital agreed to contribute RMB1 billion, both as limited partners. As at 31 December 2023, the Company paid up RMB0.1 billion.

The above investments are accounted by the Group as interest in associates (see Note 18).

(iv) Loan guarantees provided to other related parties

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Papua Cement	875,786	852,737

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	12,734	12,022
Post-employment benefits	587	492
	13,321	12,514

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Conch Holdings, Conch Design Institute, Conch Energy Saving and its subsidiaries, Conch IT Engineering, WH Conch Hotel, Conch Tech Innovation Material and its subsidiaries, Conch New Materials and its subsidiaries and Anhui International Trade and its subsidiaries above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The continuing connected transactions with Conch New Materials and its subsidiaries, Conch IT Engineering and Conch Tech Innovation Material and its subsidiaries are provided in section 7(9) of the Director's Report in accordance with Chapter 14A of the Listing Rules. The other transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment			2,144,111		2,322,548
– Investment property			32,410		34,966
– Other property, plant and equipment			2,111,701		2,287,582
Intangible assets			127,840		131,399
Investments in subsidiaries	17		59,099,533		57,333,339
Interest in an associate			1,902,680		1,185,805
Interest in joint ventures			1,024,557		981,432
Loans and receivables			12,850,821		13,109,617
Financial assets measured at FVPL			–		1,001,300
Financial assets measured at FVOCI			719,993		1,448,178
Deferred tax assets			412,771		143,702
			78,282,306		77,657,320

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Inventories		425,966		414,982	
Assets held for sale		23,538		–	
Trade and bills receivables		1,380,841		2,407,731	
Prepayments and other receivables		4,382,933		3,036,303	
Financial assets measured at FVPL		1,965,733		10,754,921	
Amounts due from subsidiaries		32,761,432		28,181,968	
Amounts due from related parties		190,363		220,106	
Tax recoverable		36,965		47,041.00	
Restricted cash deposits		3,239		3,333	
Bank deposits with original maturity over three months		55,367,500		40,734,168	
Cash and cash equivalents		5,783,939		8,758,706	
		102,322,449		94,559,259	
Current liabilities					
Trade and bills payables		336,819		218,965	
Other payables and accruals		686,885		1,178,716	
Contract liabilities		63,419		57,252	
Bank loans and other borrowings		561,419		1,988,195	
Lease liabilities		–		14	
Amounts due to subsidiaries		15,517,518		14,474,877	
Amounts due to related parties		108,297		30,971	
Income tax payable		–		4,281	
		17,274,357		17,953,271	

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

43 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	31 December 2023		31 December 2022	
		RMB'000	RMB'000	RMB'000	RMB'000
Net current assets			85,048,092		76,605,988
Total assets less current liabilities			163,330,398		154,263,308
Non-current liabilities					
Deferred income			5,386		7,537
			5,386		7,537
NET ASSETS			163,325,012		154,255,771
CAPITAL AND RESERVES	38(a)				
Share capital			5,299,303		5,299,303
Reserves			158,025,709		148,956,468
TOTAL EQUITY			163,325,012		154,255,771

44 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the directors proposed a final dividend. Further details are disclosed in note 38(b).

45 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2023, the directors consider the immediate parent and ultimate controlling company of the Group to be Conch Holdings and Anhui Provincial Investment Group Limited respectively, which are both state-owned enterprises established in the PRC. These entities do not produce financial statements available for public use.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

46 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> (“2020 amendments”)	1 January 2024
Amendments to IAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> (“2022 amendments”)	1 January 2024
Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 7, <i>Statement of cash flows and IFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

12. Written Confirmation of the Directors, Supervisors and Senior Management Members on the 2023 Annual Report

Pursuant to the relevant requirements and provisions of Securities Law (as revised in 2019) and No. 2: “Content and Format of Annual Reports” of “Standards of Contents and Format for Information Disclosure of Companies which are Securities Issuers” (as revised in 2021), as the Directors, Supervisors and members of the senior management of Anhui Conch Cement Company Limited, upon full understanding and review of the annual report of 2023 and summary of the annual report, we are of the view that:

1. the Company has strictly complied with the financial regulations for a joint stock company in its operation, the annual report for year 2023 and its summary have fairly reflected the financial position and operating results of the Company for the year;
2. the audit report of Anhui Conch Cement Company Limited for year 2023 as audited by KPMG Huazhen LLP and KPMG are objective, true and fair.

We warrant that the information disclosed in the annual report for year 2023 and its summary is true, accurate and complete, and we undertake that they do not contain misrepresentation, misleading statement or material omissions, and we are severally and jointly responsible for the truthfulness, accuracy and completeness of its contents.

Name	Position	Name	Position
Yang Jun	Chairman and Executive Director	Wang Jianchao	Deputy Chairman and Executive Director
Qu Wenzhou	Independent Non-Executive Director	Ho Shuk Yee, Samantha	Independent Non-Executive Director
Zhang Yunyan	Independent Non-Executive Director	Li Qunfeng	Executive Director and General Manager
Zhou Xiaochuan	Executive Director and Secretary to the Board	Wu Tiejun	Executive Director and Deputy General Manager
He Chengfa	Supervisor and Chairman of the Supervisory Committee	Chen Yongbo	Supervisor
Liu Tiantian	Staff Representative Supervisor	Yu Shui	Deputy General Manager
Pan Zhonghong	Deputy General Manager	Li Xin	Assistant to General Manager
Xu Yue	Assistant to General Manager		

19 March 2024

