



2022 INTERIM REPORT

Anhui Conch Cement Company Limited

(A Share: 600585 H Share: 00914)

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the third meeting of the ninth session of the Board.
3. This interim report is unaudited.
4. Mr. Yang Jun, the officer-in-charge of the Company, Mr. Li Qunfeng, officer-in-charge of the accounting function and Mr. Wang Jingqian, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
6. During the Reporting Period, there was no external guarantee provided in violation of the established decision-making procedures.
7. There does not exist that more than half of the Directors being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
8. Unless otherwise stated, all financial data in this report are prepared in accordance with the PRC Accounting Standards, and all monetary amounts herein are denominated in RMB.

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Documents for Inspection

- (1) Financial reports bearing the signatures and seals of the officer-in-charge of the Company, officer-in-charge of the accounting function and officer-in-charge of the accounting department.
- (2) Originals of all the corporate documents and the announcements of the Company which were disclosed during the Reporting Period.
- (3) A copy of this interim report of the Company published on 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
Audit Committee	:	the audit committee of the Board
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Investment Company	:	Anhui Conch Investment Co., Ltd.
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.
Conch IT Engineering	:	Anhui Conch Information Technology Engineering Co., Ltd.
Conch New Energy	:	Anhui Conch New Energy Co., Ltd.
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)
Haihui Company	:	Anhui Haihui Supply Chain Technology Co., Ltd.
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch Environment Protection	:	China Conch Environment Protection Holdings Limited, a company listed on the Stock Exchange (stock code: 0587)

1. Definitions

Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Conch HK	:	Conch International Holdings (HK) Limited
Chongqing Duoji	:	Chongqing Duoji Renewable Resources Co., Ltd.
Changde Dingxing	:	Changde Dingxing Concrete Products Co., Ltd.
Hongji Cement	:	Naimanqi Hongji Cement Co., Ltd.
Hahe Cement	:	Chifeng Hahe Cement Co., Ltd.
Huaxin Cement	:	Huaxin Cement Co., Ltd., a company listed on both the SSE (stock code: 600801) and the Stock Exchange (stock code: 6655)
Jinggong Testing	:	Anhui Jinggong Testing and Inspection Center Co., Ltd.
Shanghai Zhizhi	:	Shanghai Zhizhi Technology Co., Ltd.
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)
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)
West Construction	:	China West Construction Group Co., Ltd., a company listed on the SZSE (stock code: 002302)
Yatai Group	:	Jilin Yatai (Group) Co., Ltd., a company listed on the SSE (stock code: 600881)
Yongyun Building Materials	:	Changsha Yongyun Building Materials Co., Ltd.
associate	:	has the meaning ascribed to it under the HKSE Listing Rules
connected person	:	has the meaning ascribed to it under the HKSE Listing Rules

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 2022 to 30 June 2022
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
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)
SSE	: Shanghai Stock Exchange
SSE Listing Rules	: The Rules Governing the Listing of Stocks on the SSE
SZSE	: Shenzhen Stock Exchange
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
Articles	: Articles of Association of the Company

2. Corporate Profile and Major Financial Indicators

- (1) **Official Chinese name of the Company** : 安徽海螺水泥股份有限公司
Abbreviation in Chinese : 海螺水泥
Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED
Abbreviation in English : ACC
- (2) **Legal Representative of the Company** : Yang Jun
- (3) **Secretary to the Board (Company Secretary)** : Zhou Xiaochuan
Phone number : 0086 553 8398976
Fax number : 0086 553 8398931
Company secretary (Hong Kong) : Leo P. Y. Chiu
Phone number : 00852 2111 3220
Fax number : 00852 2111 3299
Securities Affairs Representative : Liao Dan
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

2. Corporate Profile and Major Financial Indicators

- (5) Company's designated newspaper for information disclosure** : Shanghai Securities Journal and Securities Times
- Website for publication of this report** : <http://www.sse.com.cn>
- Location where this interim report is available for inspection** : Secretariat to the Board of the Company, SSE
- (6) Exchange on which the Company's shares are listed:**
- H Shares** : Stock Exchange
- Stock code** : 00914
- Stock name** : Conch Cement
- A Shares** : SSE
- Stock code** : 600585
- Stock name** : Conch Cement
- (7) International auditors** : KPMG, Public Interest Entity Auditor registered under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
- PRC auditors** : KPMG Huazhen LLP
8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing, the PRC
- (8) 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

(9) Accounting data prepared in accordance with the PRC Accounting Standards

Table 1:

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

Note: The Company is required to restate financial statements for previous year according to the relevant requirements under the PRC Accounting Standards and International Financial Reporting Standards (“IFRSs”) respectively since each of the acquisitions of Conch New Energy in 2021, Jinggong Testing and Shanghai Zhizhi in 2022 was a business combination under common control (the same as below).

Table 2:

Items	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)		Increase/ (decrease) over the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Net cash flows generated from operating activities	4,468,348	12,341,036	12,296,863	-63.79
Operating revenue	56,275,749	80,464,039	80,432,865	-30.06
Net profit attributable to equity shareholders of the Company	9,839,772	14,967,085	14,951,193	-34.26
Net profit excluding extraordinary items attributable to equity shareholders of the Company	9,298,520	14,021,393	14,005,501	-33.68
Basic earnings per share (RMB/share)	1.86	2.82	2.82	-34.26
Diluted earnings per share (RMB/share)	1.86	2.82	2.82	-34.26
Basic earnings per share after extraordinary items (RMB/share)	1.75	2.65	2.64	-33.68
Weighted average return on net assets (%)	5.30	8.92	8.93	Decreased by 3.62 percentage points
Weighted average return on net assets after extraordinary items (%)	5.01	8.36	8.37	Decreased by 3.35 percentage points

2. Corporate Profile and Major Financial Indicators

Table 3:

Extraordinary items for the Reporting Period	Amount (RMB'000) (Unaudited)
(1) Gain/(Loss) from disposal of non-current assets	-38,336
(2) Government subsidy (excluding continuing government subsidy closely associated with the enterprise's normal business, granted in fixed amount or quantity in accordance with the State's policy and based on certain standards) included in the current income statement	436,796
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gain from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment excluding effective hedging business associated with the Company's normal business	173,635
(4) 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	8,722
(5) Gain/(Loss) on entrusted investment or asset management	225,819
(6) Entrusted fee income obtained from entrusted operation	9,550
(7) Gain/(Loss) from external entrusted loans	475
(8) Net Gain/(Loss) of subsidiaries formed through business combination under common control from the beginning of the period to the date of merger attributable to the current period	-3,499
(9) Other non-operating income and expenses other than the above items	-78,690
(10) Effect of extraordinary items on income tax	-190,898
(11) Effect of extraordinary items on minority interests	-2,322
Total	541,252

2. Corporate Profile and Major Financial Indicators

(10) Financial summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)		Increase/ (decrease) over the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Operating revenue	56,275,749	80,464,039	80,432,865	-30.06
Net profit attributable to equity shareholders of the Company	9,970,554	14,983,974	14,968,080	-33.46

Items	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)		Change as at the end of the Reporting Period as compared to that at the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	228,953,932	230,555,682	230,514,664	-0.69
Total liabilities	41,214,969	38,816,796	38,806,828	6.18

(11) Explanations for differences between consolidated financial statements prepared in accordance with the PRC Accounting Standards and the IFRSs

	Net profit attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	9,839,772	14,967,085	179,102,544	183,709,396
Items not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" and "China Accounting Standards for Business Enterprises Interpretation No.3" in accordance with IFRSs	130,782	16,888	-91,951	-107,810
As reported in accordance with IFRSs	9,970,554	14,983,973	179,010,593	183,601,586

3. Management Discussion and Analysis

(1) OVERVIEW OF THE CEMENT INDUSTRY

In the first half of 2022, with the increasingly complicated and difficult international environment and the frequent spread of the epidemic outbreaks in the PRC, the downward pressure of the macro economy increased. In the first half of the year, national investment in fixed assets increased by 6.1% period-on-period, infrastructure investment increased by 7.1% period-on-period, and real estate development investment decreased by 5.4% period-on-period. The demand of the cement market in the nation decreased sharply, inventories increased as a result of the decrease in despatch of products. As a result of the fierce market competition coupled with the prices opened high and closed low, as well as the high level of costs, the industry profitability showed a downward trend. During the first half of the year, the national cumulative cement output was 977 million tonnes, being the lowest level in the same period during the last decade, and was down by 15% period-on-period, being the smallest growth in production in this century. (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 sale 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, expressways, airports and water conservancy as well as property development in urban areas, cement products and rural markets.

Belonging to the basic raw material industry and as a regional product, the sales of cement is affected by the mode of transportation and local cement price, and its sales model is different from that of daily consumer goods. The Group has adopted a sales model with a focus on direct sales and supplemented by distribution. The Group has a relatively extensive market network, with over 500 marketing departments in the regions across the PRC and overseas where the Group has operation. Meanwhile, the Group continued to improve its marketing strategy by continuing to promote the construction of waterway channels in the regional markets along rivers and the coastal areas, taking advantages of full cement industrial chain in marketing 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 in 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 and intelligent logistics.

3. Management Discussion and Analysis

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

Since its listing in 1997, the Company has focused on strengthening, optimizing and growing its core cement business by promoting independent 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, the Group made continuous efforts in enhancing regional market operation, strengthening technological innovation, increasing contribution in safety and environmental protection, and speeding up the construction of informationalized and intelligentized factories and facilitating low-carbon green development, so as to further consolidate and improve each of the aforesaid competitive advantages, and persistently strengthen the core competitiveness of the Group.

(4) MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS

Analysis on the Operational Conditions for the First Half of 2022

1. Overview of operation development

In the first half of 2022, facing the normalized COVID-19 pandemic prevention and control measures and the severe and complicated local and global economic environment, the Group strove to overcome unfavorable factors, including the increase in energy prices and the decline in market demand. The Group strengthened the organization of production, marketing and coordination of resources, and persisted in its adoption of a differentiated marketing strategy. The Group also closely monitored the supply market and enhanced in monitoring its analysis and study thereon, capitalized on its bulk purchase advantages, and consolidated long-term agreement for procurement of coal, so as to control the procurement costs of materials. Focusing on the green and low carbon cycle development, the Group increased its investment in research and development, extended the upstream and downstream industrial chains expansion as well as strengthened the operation management and control of performance indicator and strove to improve the operational quality.

3. Management Discussion and Analysis

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

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

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

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

Principal activities by industry

Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products)	46,156,109	30,581,280	33.74	-10.12	2.57	Decreased by 8.20 percentage points
Building material industry (trading business)	896,442	888,974	0.83	-95.04	-95.07	Increased by 0.63 percentage point

Principal activities by product

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

3. Management Discussion and Analysis

Principal activities by region

Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) – East China ^{Note 2}	12,859,243	8,539,802	33.59	-16.42	6.11	Decreased by 14.10 percentage points
Building material industry (sale of self-produced products) – Central China ^{Note 3}	14,966,721	9,654,393	35.49	-8.11	6.10	Decreased by 8.64 percentage points
Building material industry (sale of self-produced products) – South China ^{Note 4}	8,195,158	5,365,394	34.53	-9.15	5.42	Decreased by 9.05 percentage points
Building material industry (sale of self-produced products) – West China ^{Note 5}	8,178,169	5,627,550	31.19	-10.75	-14.20	Increased by 2.77 percentage points
Building material industry (sale of self-produced products) – Export	53,497	49,407	7.65	-66.10	-60.48	Decreased by 13.14 percentage points
Building material industry (sale of self-produced products) – Overseas	1,903,321	1,344,734	29.35	42.40	50.48	Decreased by 3.79 percentage points
Building material industry (trading business)	896,442	888,974	0.83	-95.04	-95.07	Increased by 0.63 percentage point

3. Management Discussion and Analysis

Principal activities by sales model

Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Direct sale	26,584,691	17,151,288	35.48	-31.14	-33.63	Increased by 2.43 percentage points
Distribution	20,467,860	14,318,966	30.04	-33.61	-34.96	Increased by 1.45 percentage points

Notes:

- 42.5-grade cement includes cement of grade 42.5 and above;
- East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong, etc;
- Central China mainly includes Anhui, Jiangxi and Hunan, etc;
- South China mainly includes Guangdong, Guangxi and Hainan;
- West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi, Xinjiang and Inner Mongolia, etc;
- During the Reporting Period, the Group implemented the relevant requirements of the “Questions and Answers on the Implementation of the Accounting Standards for Business Enterprises” promulgated by the Accounting Department of the Ministry of Finance of the PRC on 2 November 2021. The 2022 interim financial statements prepared by the Group have listed the transportation costs incurred for the performance of customer sales contracts in the item “Operating Costs”, and restated relevant items in the 2021 interim financial statements.

3. Management Discussion and Analysis

Sales by industry

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

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

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

Sales by products

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

3. Management Discussion and Analysis

Sales by region

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

In East China, affected by the pandemic, market demand declined significantly, sales volume and selling price dropped, and sales amount declined by 16.42% period-on-period. Affected by the increase in production cost due to the increase in the price of raw coal, gross profit margin decreased by 14.10 percentage points period-on-period.

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

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

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

Sales by sales model

During the Reporting Period, the Group's direct sales amount decreased by 31.14% period-on-period and distribution amount decreased by 33.61% period-on-period; direct sales cost decreased by 33.63% period-on-period and the distribution cost decreased by 34.96% period-on-period; the consolidated gross profit margin of products through direct sales and products through distribution increased by 2.43 percentage points and 1.45 percentage points period-on-period, respectively.

3. Management Discussion and Analysis

(2) Profit analysis

Major items in the income statement prepared in accordance with the PRC Accounting Standards

Items	Amount		Change from that of the corresponding period of the previous year (%)
	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)	
Revenue from principal activities	47,052,551	69,432,128	-32.23
Profit from operations	12,650,910	19,300,130	-34.45
Profit before taxation	12,975,907	19,884,618	-34.74
Net profit attributable to equity shareholders of the Company	9,839,772	14,967,085	-34.26

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

3. Management Discussion and Analysis

(3) Analysis of costs and expenses

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

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

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

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

3. Management Discussion and Analysis

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

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

During the Reporting Period, the Group's research and development expenses increased by 195.64% on a period-on-period basis, mainly due to the period-on-period increase in expenditures of subsidiaries of the Company for development of technologies in ultra-low emission and energy saving and efficiency improvement. The Group's financial expenses (income) increased by 75.50% period-on-period, which was mainly due to a period-on-period decrease in exchange losses of overseas subsidiaries during the Reporting Period.

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

3. Management Discussion and Analysis

(4) Financial position

Asset and liability overview

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

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

3. Management Discussion and Analysis

As at the end of the Reporting Period, the Group's balance of held-for-trading financial assets decreased by 61.44% as compared to those at the end of the previous year, which was mainly due to recovery upon maturity of structured deposits and wealth management products purchased in the previous year; balance of wages payables decreased by 61.70% as compared to those at the end of the previous year, which was mainly attributable to the payment of annual bonus for the previous year during the Reporting Period; the balance of taxes payables decreased by 55.66% as compared to those at the end of the previous year, which was mainly attributable to the increase in taxes paid during the Reporting Period; the balance of short-term borrowings and long-term borrowings increased by 180.91% and 69.62% respectively as compared to those at the end of the previous year, which was mainly due to increase of bank borrowings of certain subsidiaries of the Company required for operation and development. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB228.954 billion, representing a decrease of 0.69% as compared to that at the end of the previous year. Total liabilities amounted to RMB41.113 billion, representing an increase of 6.24% as compared to that at the end of the previous year. Among which, current liability amounted to RMB32.421 billion, representing a decrease of 0.78% as compared to that at the end of the previous year; non-current liability amounted to RMB8.693 billion, representing an increase of 44.35% as compared to that at the end of the previous year. As at 30 June 2022, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 17.96%, representing an increase of 1.17 percentage points as compared to that at the end of the previous year.

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

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

3. Management Discussion and Analysis

As at 30 June 2022, total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB105.426 billion and RMB32.421 billion respectively, with a current ratio of 3.25:1 (end of last year: 3.78:1). The decrease in current ratio as compared to that at the end of the previous year was mainly due to the decrease in balance of current assets including cash at bank and on hand and held-for-trading financial assets. Total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB105.911 billion and RMB32.421 billion respectively, with a net gearing ratio of 0.045 (end of last year: -0.028). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group was RMB16.301 billion, representing 7.12% of its total assets.

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

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

3. Management Discussion and Analysis

Liquidity and source of funds

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

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

As at the end of the Reporting Period, balance of the Group's bank borrowings was RMB17.007 billion, representing an increase of RMB8.735 billion as compared to that at the end of the previous year. The increase was mainly attributable to the increase of bank borrowings for operation and development during the Reporting Period. Please refer to note 8 to the financial report prepared in accordance with the PRC Accounting Standards for information on borrowings bearing fixed interest rate.

Save for the aforesaid borrowings, the Group had corporate bonds in the principal amount of RMB3.499 billion which would be due within 1 year.

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

3. Management Discussion and Analysis

Analysis of cash flow

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

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

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

3. Management Discussion and Analysis

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB3,904 million from that for the corresponding period of the previous year, mainly due to period-on-period decrease in newly subscribed wealth management products during the Reporting Period.

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

3. Capital expenditure

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

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

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

3. Management Discussion and Analysis

4. Exchange rate risk and related hedging by financial instruments

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

In order to effectively reduce foreign exchange risk and to ensure that such risk was overall under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects by adjusting its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization over foreign funds in domestic and overseas markets by continuing to promote a management model of foreign fund pool, so as to lower costs of exchange settlement and sales, thereby effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country where the Group invested, so as to complement each other's capital advantage, enhance capital economies of scale, reduce loss from foreign currency exchange and reduce financial expenses. Meanwhile, the Group monitored the changes in the foreign exchange policies of the countries where the Group invested, and proactively respond to interest rate hikes by the Federal Reserve of the United States and the fluctuations in exchange rates, by making appropriate allocation of foreign currency assets. Considering the changes in exchange rates and interest rates, the Group mitigated foreign exchange risks by making appropriate allocations of loan amounts in countries where the Group has businesses, and using hedging tools in accordance with the trends in exchange rates in various currencies.

3. Management Discussion and Analysis

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2022, the PRC government will adhere to the main theme of making progress while maintaining stability, it will also implement the new development concept completely, accurately and comprehensively by accelerating the formation of a new development pattern, comprehensively deepening reform and opening up, promoting high-quality development, persisting with the supply-side structural reform as its main focus, efficiently coordinating the prevention and control of the pandemic as well as economic and social development, further implementing a basket of policies to promote stable economy, focus on stabilizing the macro-economy and keep the economy running in a reasonable pace. In terms of infrastructure, the government will actively expand its investments in an effective manner, consolidate infrastructure construction in an all-round way, and accelerate the construction of major projects under the “14th Five-Year Plan”. Infrastructure investment will, to certain extent, support the demand for cement. As for real estate, the government will adopt different policies for different cities to promote a virtuous circle and healthy development of the real estate industry. However, the downward trend in property investment will be hard to be reversed in the short term, which will have an adverse impact on the cement demand. At the same time, the PRC will continue to step up efforts in the composite treatment of the ecological environment, promote the peak carbon dioxide emissions and carbon neutrality in an orderly manner. The cement industry will continue with normalized implementation of off-peak season production, which will have positive effects on supply contraction and elimination of excess capacity.

In terms of investment development, in the second half of the year, focusing on the “14th Five-Year Plan” and the annual investment plan, the Company will make solid progress in investment and development in accordance with the principle of effective investment so as to achieve the objective of high-quality development. Firstly, the Company will step up efforts to strengthen, optimize and expand its core cement business, accelerate investment and construction of upstream and downstream industrial chain projects such as aggregate and commercial concrete, promote the new energy projects in a steadily and orderly manner, and create new industrial growth poles. Secondly, the Company will seize opportunities to promote the development of domestic projects, speed up the construction progress of existing projects, increase efforts in study, research and demonstration, and proactively seek opportunities for mergers, acquisitions and development to further improve the market layout. Thirdly, the Company will steadily advance its international development strategy, establish robust medium and long-term plans for overseas development, improve the operation and management mechanism of overseas projects, and proactively build a diversified cooperation model. Fourthly, the Company will promote energy conservation and carbon reduction as well as investment in digital and intelligent development of new industries in an orderly manner, accelerate the promotion and application of intelligent and information technology, and consolidate and enhance the Company’s core competitiveness.

3. Management Discussion and Analysis

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

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 2022, the Company invested in and established Guiyang Conch Green Building Material Co., Ltd. with a registered capital of RMB50 million. The Company holds 100% of its equity interest.
- (2) In January 2022, the Company and Shuangfeng County Rural and Urban Construction Investment Group Co., Ltd. (hereinafter referred to as “Shuangfeng Urban Investment Company”) jointly invested in and established Shuangfeng Conch Green Building Material Co., Ltd. with a registered capital of RMB500 million, of which the Company contributed RMB325 million, accounting for 65% of its registered capital; and Shuangfeng Urban Investment Company contributed RMB175 million, accounting for 35% of its registered capital.
- (3) In January 2022, the Company invested in and established Pingliang Conch Green New Material Co., Ltd. with a registered capital of RMB35 million. The Company holds 100% of its equity interest.
- (4) In February 2022, the Company invested in and established Mengcheng Conch Building Material Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (5) In March 2022, Conch New Energy, a wholly-owned subsidiary of the Company invested in and established Fengyang Conch Photovoltaic Technology Co., Ltd. with a registered capital of RMB1 billion. Conch New Energy holds 100% of its equity interest.
- (6) In March 2022, Ma’anshan Conch Cement Co., Ltd. (hereinafter referred to as “Ma’anshan Conch”), a wholly-owned subsidiary of the Company, and Anhui Hezhou Holdings Group Co., Ltd. (hereinafter referred to as “Hezhou Holdings Group”) jointly invested in and established Hexian Conch Green Building Material Co., Ltd. with a registered capital of RMB500 million, of which Ma’anshan Conch contributed RMB150 million, accounting for 30% of its registered capital; Hezhou Holdings Group contributed RMB350 million, accounting for 70% of its registered capital.

4. Report of the Directors

- (7) In March 2022, the Company invested in and established Conch (Hunan) Holdings Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (8) In March 2022, Conch New Energy, Shandong Yabo Technology Co., Ltd. (hereinafter referred to as “Yabo Technology”), Xuancheng Kaisheng Construction Investment Group Co., Ltd. (hereinafter referred to as “Kaisheng Construction Investment”) and Anhui Huasun New Energy Technology Co., Ltd. (hereinafter referred to as “Huasun New Energy”) jointly invested in and established Xuancheng Conch Building Photovoltaic Technology Co., Ltd. with a registered capital of RMB270 million, of which Conch New Energy contributed RMB186 million, accounting for 68.89% of its registered capital; Yabo Technology contributed RMB60 million, accounting for 22.22% of its registered capital; Kaisheng Construction Investment contributed RMB15 million, accounting for 5.56% of its registered capital; and Huasun New Energy contributed RMB9 million, accounting for 3.33% of its registered capital.
- (9) In April 2022, the Company invested in and established Conch (Shaanxi) Holdings Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (10) In April 2022, the Company invested in and established Conch (Guizhou) Holdings Co., Ltd. (hereinafter referred to as “Guizhou Regional Company”) with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (11) In May 2022, Guizhou Regional Company and Guizhou Yixin Industrial Investment Co., Ltd. (hereinafter referred to as “Yixin Industrial”) jointly invested in and established Liuzhi Conch Yixin Green New Building Material Co., Ltd. with a registered capital of RMB50 million, of which Guizhou Regional Company contributed RMB35 million, accounting for 70% of its registered capital; and Yixin Industrial contributed RMB15 million, accounting for 30% of its registered capital.
- (12) In May 2022, the Company invested in and established Conch (Yunnan) Holdings Co., Ltd. with a registered capital of RMB100 million. The Company holds 100% of its equity interest.
- (13) In May 2022, the Company invested in and established Lianyungang Conch Green Building Material Co., Ltd. with a registered capital of RMB50 million. The Company holds 100% of its equity interest.

4. Report of the Directors

- (14) In May 2022, Guangdong Qingyuan Guangying Cement Co., Ltd. (hereinafter referred to as “Guangying Cement”), a majority-owned subsidiary of the Company, and Qingyuan Mining Development Co., Ltd. (hereinafter referred to as “Qingyuan Mining”) jointly invested in and established Qingyuan Guangying Mining Co., Ltd. with a registered capital of RMB10 million, of which Guangying Cement contributed RMB5.1 million, accounting for 51% of its registered capital; and Qingyuan Mining contributed RMB4.9 million, accounting for 49% of its registered capital.
- (15) In June 2022, China Cement Plant Co., Ltd. (hereinafter referred to as “China Cement Plant”), a wholly-owned subsidiary of the Company, invested in and established Nanjing Conch Green New Material Technology Co., Ltd. with a registered capital of RMB50 million. China Cement Plant holds 100% of its equity interest.
- (16) During the Reporting Period, Conch New Energy solely invested in and established 48 new energy companies as follows:

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
1	Shimen Conch New Energy Co., Ltd.	January 2022	11.00	100%
2	Long'an Conch New Energy Co., Ltd.	January 2022	7.50	100%
3	Yueqing Conch New Energy Co., Ltd.	January 2022	7.66	100%
4	Ninghai Conch New Energy Technology Co., Ltd.	January 2022	5.80	100%
5	Tongren Conch New Energy Co., Ltd.	January 2022	6.70	100%
6	Xiangshan Conch New Energy Technology Co., Ltd.	January 2022	6.94	100%
7	Xingye Conch New Energy Co., Ltd.	January 2022	9.80	100%
8	Basu Conch New Energy Co., Ltd.	February 2022	5.10	100%
9	Ningguo Conch New Energy Co., Ltd.	February 2022	4.00	100%
10	Lianyuan Conch New Energy Co., Ltd.	February 2022	7.03	100%
11	Yiyang Conch New Energy Co., Ltd.	February 2022	17.94	100%
12	Huainan Conch New Energy Technology Co., Ltd.	February 2022	5.60	100%
13	Guizhou Liukuang Conch New Energy Co., Ltd.	February 2022	4.75	100%
14	Guiyang Conch New Energy Co., Ltd.	February 2022	6.60	100%
15	Linxiang Conch New Energy Co., Ltd.	February 2022	5.20	100%
16	Zunyi Conch New Energy Co., Ltd.	February 2022	8.70	100%
17	Shaoyang Conch New Energy Co., Ltd.	February 2022	10.17	100%
18	Anhui Digang Conch New Energy Co., Ltd.	February 2022	12.80	100%
19	Qianyang Conch New Energy Co., Ltd.	February 2022	8.31	100%
20	Chizhou Conch New Energy Co., Ltd.	February 2022	21.00	100%
21	Wugang Conch New Energy Co., Ltd.	February 2022	5.56	100%
22	Huaining Conch New Energy Co., Ltd.	March 2022	6.04	100%

4. Report of the Directors

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
23	Nantong Conch New Energy Technology Co., Ltd.	March 2022	6.93	100%
24	Chongqing Liangping District Conch New Energy Co., Ltd.	March 2022	7.50	100%
25	Jinxian Conch New Energy Co., Ltd.	March 2022	9.94	100%
26	Tengchong Conch New Energy Co., Ltd.	March 2022	6.48	100%
27	Guizhou Province Zunyi Bozhou Conch New Energy Co., Ltd.	March 2022	9.59	100%
28	Beiliu Conch New Energy Co., Ltd.	March 2022	8.01	100%
29	Huaibei Conch New Energy Co., Ltd.	April 2022	11.00	100%
30	Zongyang Conch New Energy Co., Ltd.	April 2022	7.90	100%
31	Huangshan Conch New Energy Co., Ltd.	April 2022	6.48	100%
32	Hainan Changjiang Conch New Energy Co., Ltd.	May 2022	10.73	100%
33	Taizhou Yangwan Conch New Energy Co., Ltd.	May 2022	7.22	100%
34	Taicang Conch New Energy Co., Ltd.	May 2022	0.97	100%
35	Lu'an Conch New Energy Co., Ltd.	May 2022	6.66	100%
36	Bazhong Conch New Energy Co., Ltd.	May 2022	4.98	100%
37	Ma'anshan Conch New Energy Co., Ltd.	May 2022	3.30	100%
38	Liupanshui Conch New Energy Co., Ltd.	May 2022	3.93	100%
39	Yangzhou Conch New Energy Co., Ltd.	May 2022	7.80	100%
40	Shaoxing Shangyu Conch New Energy Co., Ltd.	June 2022	2.93	100%
41	Zhanjiang Conch New Energy Co., Ltd.	June 2022	7.70	100%
42	Taizhou Conch New Energy Co., Ltd.	June 2022	4.13	100%
43	Bengbu Conch New Energy Co., Ltd.	June 2022	8.62	100%
44	Nanchang Conch New Energy Co., Ltd.	June 2022	3.12	100%
45	Qianxian Conch New Energy Co., Ltd.	June 2022	8.86	100%
46	Jiangxi Ganjiang Conch New Energy Co., Ltd.	June 2022	6.02	100%
47	Changfeng Conch New Energy Co., Ltd.	June 2022	2.77	100%
48	Tongchuan Conch New Energy Co., Ltd.	June 2022	4.94	100%

- (17) In May 2022, the Company completed the registration for the deregistration of Fenyi Cangguling Construction Material Co., Ltd., such deregistration will not bring adverse impact on the overall production and operation, and the results of the Company.

4. Report of the Directors

2. Acquisition of project companies during the Reporting Period

- (1) In March 2022, the Company and natural person shareholders Zhao Bo, Xie Tingjun and Zhang Jie entered into the Equity Increase and Share Enlargement Agreement of Chongqing Duoji Renewable Resources Co., Ltd. and subsequently entered into the Supplemental Agreement to the Equity Increase and Share Enlargement Agreement of Chongqing Duoji Project, pursuant to which, the Company held a controlling interest in Chongqing Duoji by means of cash capital increase. After completion of the equity increase, Chongqing Duoji has a registered capital of RMB20,408,163, of which the Company holds 51% of its equity interest, Zhao Bo holds 22.5008% of its equity interest, Xie Tingjun holds 22.5008% of its equity interest and Zhang Jie holds 3.9984% of its equity interest. In April 2022, Chongqing Duoji completed the relevant business registration procedures.
- (2) In March 2022, the Company and Conch IT Engineering entered into the Equity Transfer Agreement of Shanghai Zhizhi Technology Co., Ltd., pursuant to which the Company acquired 55% equity interest in Shanghai Zhizhi from Conch IT Engineering. The remaining 45% equity interest of Shanghai Zhizhi is still held by Dandong Dongfang Measurement & Control Technology Co., Ltd.. Shanghai Zhizhi has a registered capital of RMB80 million, and has completed the relevant business registration procedures in May 2022.

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

4. Report of the Directors

- (3) In March 2022, the Company, Conch Holdings and Conch Design Institute entered into the Equity Transfer Agreement of Anhui Jinggong Testing and Inspection Center Co., Ltd., pursuant to which the Company acquired 100% equity interest in Jinggong Testing jointly held by Conch Holdings and Conch Design Institute (among which, Conch Holdings held 70% of its equity interest, and Conch Design Institute held 30% of its equity interest). After completion of the acquisition, Jinggong Testing became a wholly-owned subsidiary of the Company with a registered capital of RMB8 million. In April 2022, Jinggong Testing completed the relevant business registration procedures.
- (4) In April 2022, Shimen Conch Cement Co., Ltd. (hereinafter referred to as “Shimen Conch”), a wholly-owned subsidiary of the Company, and natural person shareholders Xiang Jianxin and Li Meiquan entered into the Equity Acquisition Agreement of Changde Dingxing Concrete Products Co., Ltd., pursuant to which the Company acquired an aggregate of 100% equity interest in Changde Dingxing from the above-mentioned shareholders. Changde Dingxing has a registered capital of RMB10 million, and has completed the relevant business registration procedures in April 2022.
- (5) In April 2022, Lianyuan Conch Cement Co., Ltd., a majority-owned subsidiary of the Company, and natural person shareholders Liao Xiyun, Tang Yunjun, Zhu Shuqing, Fu Yueping and Tang Qing entered into the Equity Acquisition Agreement of Changsha Yongyun Building Materials Co., Ltd., pursuant to which the Company acquired an aggregate of 100% equity interest in Yongyun Building Materials from above-mentioned natural person shareholders. Yongyun Building Materials has a registered capital of RMB30 million, and has completed the relevant business registration procedures in April 2022.
- (6) In April 2022, the Company and Conch New Material entered into the Property Rights Transaction Contract, pursuant to which the Company acquired 49% equity interest in Jiangsu Conch Building Materials Co., Ltd. (hereinafter referred to as “Jiangsu Conch Building Materials”) from Conch New Material. After completion of this equity transfer, the Company holds 100% equity interest in Jiangsu Conch Building Materials. Jiangsu Conch Building Materials has a registered capital of RMB50 million and has completed the relevant business registration procedures in May 2022.

4. Report of the Directors

- (7) In April 2022, the Company, Inner Mongolia Jarud Banner Xingta Mining Co., Ltd. and Qinhuangdao Zhuozhong Industrial Co., Ltd. (hereinafter referred to as “Zhuozhong Industry”) entered into the Equity Transfer Agreement of Naimanqi Hongji Cement Co., Ltd., pursuant to which the Company acquired 72.77% and 7.23% equity interests in Hongji Cement from Xingta Mining and Zhuozhong Industry respectively. After completion of this equity transfer, the Company holds 80% equity interest of Hongji Cement, and the remaining 20% equity interest is still held by Zhuozhong Industry. Hongji Cement holds 100% equity interests in Naiman Banner Xingta Renewable Resources Co., Ltd. and Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd. respectively.

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

In May 2022, Hongji Cement invested in and established Chifeng Conch Cement Co., Ltd. (hereinafter referred to as “Chifeng Conch”) with a registered capital of RMB120 million, of which Hongji Cement holds 100% of its equity interest.

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

- (8) In May 2022, the Company acquired 15% equity interest in Shuicheng Conch Panjiang Cement Co., Ltd. (hereinafter referred to as “Shuicheng Conch”, a majority-owned subsidiary of the Company) from Guizhou Xinsheng Coal Chemical Industry Co., Ltd. (hereinafter referred to as “Xinsheng Coal Chemical Industry”) through public bidding. After the completion of this equity transfer, the Company, Guizhou Panjiang Investment Holding (Group) Co., Ltd. and Xinsheng Coal Chemical Industry hold 55%, 30% and 15% equity interest of Shuicheng Conch, respectively. As at the end of the Reporting Period, the relevant business registration procedures of Shuicheng Conch was still in progress.

4. Report of the Directors

3. Subsidiaries with capital increase during the Reporting Period

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

Name of companies	Capital contributed by the Company	Registered capital after capital increase	Percentage of shareholding held by the Company after capital increase
Conch New Energy	RMB4,500 million	RMB5,000 million	100%
Shaanxi Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Yunnan Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Jiangxi Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Guangxi Chongzuo Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Nanjing Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Shandong Haizhong Trading Co., Ltd.	RMB40 million	RMB50 million	100%
Quanjiao Conch Construction Technology Co., Ltd.	RMB90 million	RMB300 million	90%
Vientiane Conch Cement Co., Ltd.	USD3.75 million	USD20 million	75%
Conch KT Cement (Phnom Penh) Company Limited	USD11 million	USD26 million	55%
Tashkent Conch Cement Joint Venture Co., Ltd.	USD5.5714 million	USD34.3 million	65%

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

4. Report of the Directors

4. Shareholdings in other listed companies and trading of shares of other listed companies

- (1) During the Reporting Period, the Group increased its shareholdings in WCC by 133,556,000 shares through secondary market transactions; increased its shareholdings in Yatai Group by 10,000,000 shares through secondary market transactions; reduced its shareholdings in Xinli Finance by 3,076,700 shares through secondary market transactions.
- (2) During the Reporting Period, the Group increased its shareholdings in Conch Venture by 75,497,000 shares and reduced its shareholdings by 5,500 shares through secondary market transactions. Conch Venture cancelled its repurchased shares on 15 June and 27 June 2022 respectively, and the proportionate shareholding in Conch Venture held by the Group increased as a result of the reduction of total share capital. As at the end of Reporting Period, the shareholding percentage held by the Group in Conch Venture was 4.94%.
- (3) In view of the great synergistic effect between the Conch Environmental Protection's main business of industrial solid and hazardous waste treatment by using cement kiln and the Company's main cement business, and to enhance the integration of resources and industrial assets, as well as to create new areas for business growth and profit growth, during the Reporting Period, the Group has strategically invested in and increased its shareholding in Conch Environmental Protection to 13.83% and became its largest shareholder. The Group intends to continue to acquire shares of Conch Environmental Protection in the secondary market after completing all necessary approval by, filing and registration with the relevant governmental authorities in the PRC in accordance with the applicable laws and regulations, in order to strengthen the Company's position as its largest shareholder, with a view to obtain control and consolidation of the financial results of Conch Environmental Protection by appointing the majority of its directors. For details, please refer to the announcement on the proposed acquisition of China Conch Environment Protection Holdings Limited (Provisional 2022-23) published by the Company on the website of the SSE on 3 June 2022 and the announcement published on the website of the Stock Exchange on 2 June 2022. As of the date of disclosure of this report, the Company has completed all necessary approval, filing and registration procedures for the above-mentioned acquisition.

4. Report of the Directors

- (4) During the Reporting Period, Conch HK, a wholly-owned subsidiary of the Company, as a cash option provider, participated in the change of listing venue of the domestic listed foreign shares (B shares) of Huaxin Cement and their listing and trading on the Main Board of the Stock Exchange by way of introduction. According to the final exercise results, as at the end of the Reporting Period, Conch HK held H shares of Huaxin Cement representing 4.43% of its total share capital.
- (5) During the Reporting Period, the Company subscribed for 74,074,074 non-public A shares of Tianshan Cement with its internal funds of RMB999,999,999, representing 0.86% of its total shares capital after its non-public offering. For details, please refer to the announcement in relation to the subscription for A shares of Xinjiang Tianshan Cement Co., Ltd. under non-public placing (Provisional 2022-01) published by the Company on the website of the SSE on 10 February 2022. As at the end of the Reporting Period, such non-public shares were listed.
- (6) During the Reporting Period, the Group reduced its shareholdings in Shangfeng Cement by 4,588,000 shares through secondary market transactions. According to its equity distribution proposal for 2021, 2 bonus shares were issued for every 10 shares held by the shareholders, and the Company was allotted with 1,959,551 shares. As of the end of the Reporting Period, shareholdings percentage held by the Company in Shangfeng Cement was 1.21%.
- (7) On 21 December 2021, the Company and West Construction entered into the Conditional Stock Subscription Agreement and the Conditional Strategic Cooperation Agreement for the proposed subscription for shares under non-public placing. The Company intended to subscribe for 251,444,577 A shares of West Construction (the final number of shares to be subscribed for shall be subject to the approval of the China Securities Regulatory Commission) by way of non-public placing at a cash consideration of RMB1,760,112,039. The Company will hold 16.30% of the shares of West Construction, making it its second largest shareholder after completion of such subscription. For details, please refer to the announcement in relation to proposed subscription for A shares of China West Construction Group Co., Ltd. under non-public placing (Provisional 2021-48) published by the Company on the website of the SSE on 22 December 2021. As at the end of the Reporting Period, the said subscription for shares had not completed.

4. Report of the Directors

(8) As at the end of the Reporting Period, the Group's shareholdings in other listed companies 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 (%)	Amount purchased and distributed during the Reporting Period (RMB)	Amount sold and distributed during the Reporting Period (RMB)	Carrying amount at the beginning of the Reporting Period (RMB)	Carrying amount at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)
2233	WCC	1,960,606,127	27.43	29.80	138,295,498	-	3,044,212,293	3,290,888,314	216,655,305
0587	Conch Environment Protection	2,139,899,608	-	13.83	2,139,899,608	-	-	1,179,430,269	-
600881	Yatai Group	520,559,731	5.00	5.31	29,153,593	-	527,948,493	455,256,622	-101,845,464
600318	Xinli Finance	32,441,180	5.68	5.08	-	3,828,511	361,427,140	194,487,048	-
0586	Conch Venture	1,923,031,472	0.77	4.94	2,323,858,248	837,131,647	436,699,701	1,308,979,085	53,583,939
6655	Huaxin Cement	1,146,289,176	-	4.43	1,146,289,176	-	-	899,849,081	92,788,469
000672	Shangfeng Cement	178,166,549	1.77	1.21	-	83,430,154	288,722,083	185,530,273	6,620,595
000877	Tianshan Cement	999,999,999	-	0.86	999,999,999	-	-	911,111,110	-64,444,445
Total		8,900,993,842	-	-	6,777,496,122	924,390,312	4,659,009,710	8,425,531,802	203,358,399

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

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 Group 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 the First Half of 2022” in Chapter 3 “Management Discussion and Analysis” in this report as well as item 15 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 328 subsidiaries, 11 jointly-controlled entities, and invested in 3 associates and 1 joint venture. During the Reporting Period, there was no single subsidiary or invested company in which the Company’s share of its net profit or investment income respectively accounted for more than 10% of the net profit of the Company.

7. Cooperation and Investment with Private Equity Fund

In 2021, the Company, China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (general partner and fund manager, hereinafter referred to as “CNBM Private Equity Fund”) and other limited partners co-funded CNBM (Anhui) New Materials Industry Investment Fund Partnership (limited partnership) (hereinafter referred to as “Industrial Investment Fund”), and the initial fund scale amounted to RMB15 billion. The Company, as a limited partner, shall subscribe for RMB1.6 billion. Meanwhile, CNBM Private Equity Fund and some partners or related parties jointly invested in and established CNBM (Anhui) New Materials Fund Management Co., Ltd. (hereinafter referred to as “CNBM New Materials Fund”), 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 New Materials Fund, it acted as the general partner and executive partner of Industrial Investment Fund. As at the end of the Reporting Period, Industrial Investment Fund has completed industrial and commercial registration and registered with the Asset Management Association of China. The Company has made capital contribution of RMB480 million. For details, please refer to the provisional announcements No. 26, 29, 37 and 47 published by the Company on the website of the SSE in 2021. The Company will fulfill information disclosure obligation on a timely basis in strict compliance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Guidelines No. 5 for Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange – Transactions and Related Transactions and relevant requirements according to the subsequent development of the Industrial Investment Fund.

4. Report of the Directors

8. 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 internal idle funds for financial entrustment after consideration of the level of risk involved and return rate. Particulars of the financial entrustment that were conducted and existed during the Reporting Period are as follows:

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Performance comparison benchmark	Status of recovery	Actual income (RMB'000)
1	CCB Wealth Management Co., Ltd.	2 April 2021	30 March 2022	CCB Wealth Management Institutions Exclusive "Pengxin" Fixed Income Close-ended Products 2021 Tranche 31	1.0	4.51%	Recovered	44,853.0
2	SPD Bank Wuhu Branch	2 April 2021	30 March 2023	SPD Bank Qiming Series Wealth Management Plan Tranche 2105	0.5	5.27%	Not expired	/
3	HSBank Wealth Management Co., Ltd.	2 April 2021	7 April 2023	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210080	0.5	5.40%	Not expired	/
4	CMB Wealth Management Company Limited	27 April 2021	15 June 2022	CMB Wealth Management Zhaorui Jinshi Series No. 86736 Close-ended Wealth Management Plan	0.5	4.55%	Recovered	25,562.1
5	HSBank Wealth Management Co., Ltd.	28 April 2021	16 June 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210081	1.0	4.60%	Recovered	52,176.0
6	BOC Wealth Management Co., Ltd	28 April 2021	1 July 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close-ended) 2021 Tranche 64	1.5	4.35%	Recovered	69,889.5
7	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" Fixed Income Net Worth Wealth Management Products 210098	0.5	4.39%	Recovered	22,371.0

4. Report of the Directors

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Performance comparison benchmark	Status of recovery	Actual income (RMB'000)
8	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management “Anying” Fixed Income Net Worth Wealth Management Products 210103	0.5	4.39%	Recovered	22,371.0
9	BOC Wealth Management Co., Ltd.	2 June 2021	6 June 2022	BOC Wealth Management “Wenfu” Fixed Income Enhanced (Close-ended) 2021 Tranche 91	0.4	4.20%	Recovered	11,914.0
10	CMB Wealth Management Company Limited	9 June 2021	14 June 2023	CMB Wealth Management Zhaorui Selected High Yield No. 12 Close-ended Fixed Income Wealth Management Plan	0.9	5.70%	Not expired	/
11	Industrial Wealth Management Co., Ltd.	9 June 2021	9 June 2022	Industrial Wealth Management Golden Snowball Gain Accumulating Net Worth Wealth Management Product 2021 Tranche 2	0.6	4.60%	Recovered	27,978.0
12	HSBank Wealth Management Co., Ltd.	2 September 2021	10 March 2022	HSBank Wealth Management “Anying” Fixed Income Net Worth Wealth Management Products 210124	0.5	3.95%	Recovered	10,227.0
13	HSBank Wealth Management Co., Ltd.	2 September 2021	7 September 2022	HSBank Wealth Management “Anying” Fixed Income Net Worth Wealth Management Products 210132	0.5	4.23%	Not expired	/
14	CCB Wealth Management Co., Ltd.	1 September 2021	28 February 2022	CCB Wealth Management Institutions Exclusive “Jiaxin” Fixed Income Close-Ended Products 2021 Tranche 100	0.5	3.70%	Recovered	9,174.0
15	Industrial Wealth Management Co., Ltd.	11 October 2021	13 June 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 35	1.0	4.05%	Recovered	29,210.0

4. Report of the Directors

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Performance comparison benchmark	Status of recovery	Actual income (RMB'000)
16	Industrial Wealth Management Co., Ltd.	11 October 2021	10 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 37	1.0	4.45%	Not expired	/
17	Industrial Wealth Management Co., Ltd.	27 October 2021	24 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 40	2.5	4.47%	Not expired	/
18	CCB Wealth Management Co., Ltd.	30 December 2021	26 December 2024	CCB Wealth Management Institutions Exclusive "Ruixin" Fixed Income Close-ended Products 2021 Tranche 34	1.0	5.66%	Not expired	/

During the Reporting Period, the Company had no overdue financial entrustment which was not recovered. As at the date of approval of this report, the balance of the financial entrustment of the Company amount to RMB6.9 billion.

(2) IMPLEMENTATION OF THE 2021 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 31 May 2022, the profit distribution proposal for the year 2021 was considered and approved at the 2021 annual general meeting of the Company. On the basis of 5,299,302,579 shares being the total share capital of the Company as at 31 December 2021, the Company paid all the shareholders a cash dividend of RMB2.38 (tax inclusive) per share, totaling RMB12,612,340,138.02 (tax inclusive). As at the end of the Reporting Period, the above dividend was paid to all the shareholders whose names appeared in the register of members on the relevant record date.

(3) INTERIM DIVIDEND

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

5. Corporate Governance

(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 of the Company 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, the Company's legal advisers as to the PRC law were present in witness of the convention of general meetings of the Company and legal advice was obtained in connection therewith to ensure that decision-making procedures and contents of general meetings are legal and valid and that shareholders of the Company can fully exercise their own rights. On 31 May 2022, the Company convened the 2021 annual general meeting. Please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 31 May 2022 and the announcement published by the Company on website of the SSE on 1 June 2022, respectively for the voting results of the resolutions at the general meeting.

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 Directors of the Company organize and implement each of the resolutions of the general meeting in a diligent, prudent and responsible manner through decisions in scientific approach to facilitate the healthy and stable development of the Company.

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

5. Corporate Governance

(2) AUDIT COMMITTEE

The Audit Committee has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions set out in Part 2 of Appendix 14 to the HKSE Listing Rules. The Audit Committee is responsible for the review and supervision of financial reporting procedures and the internal control system of the Group as well as giving advice and recommendations to the Board of the Company. This 2022 interim report of the Company has been reviewed by the Audit Committee.

(3) ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT COMMITTEE

In order to further improve the Environment, Social and Governance (ESG) management standard, perfect the ESG management system and improve the ESG management capacity of the Company, on 25 February 2022, upon the review and approval of the Board, the Company established the ESG Management Committee. Its main responsibilities include formulation of the vision, objective, strategy and structure of the ESG of the Company, and review of ESG report of the Company. For details, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 25 February 2022 and the announcement published by the Company on website of the SSE on 26 February 2022, respectively.

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

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

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

5. Corporate Governance

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

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

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

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

Save for the aforesaid, there was no change in other Directors, Supervisors and senior management members and/or their respective biographies which required disclosure under Rule 13.51B(1) of the HKSE Listing Rules.

(5) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not formulate and implement any stock option incentive scheme.

6. Environmental and Social Responsibilities

(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, 75 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies are set out in the below table:

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
1	Ningguo Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	3	Kiln tail	5.85	DB34/3576-2020	21.47	467.99	No
		Nitrogen oxides	Organised	3	Kiln tail	44.31	DB34/3576-2020	162.63	975.07	No
		Particulate matter	Organised	6	Kiln head and tail	5.93	DB34/3576-2020	38.04	291.00	No
		Particulate matter	Organised	228	General discharge outlet	4.31	DB34/3576-2020	19.99		No
2	Baimashan Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	2	Kiln tail	0.94	DB34/3576-2020	2.39	296.88	No
		Nitrogen oxides	Organised	2	Kiln tail	50.08	DB34/3576-2020	117.98	593.75	No
		Particulate matter	Organised	4	Kiln head and tail	3.89	DB34/3576-2020	16.77	100.78	No
		Particulate matter	Organised	112	General discharge outlet	7.56	DB34/3576-2020	13.16	80.07	No
		Sulfur dioxide	Organised	2	coal mill	10.92	DB34/3576-2020	2.67	52.90	No
		Nitrogen oxides	Organised	2	coal mill	28.18	DB34/3576-2020	7.38	105.80	No
3	Anhui Chizhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	7	Kiln tail	3.12	DB34/3576-2020	54.41	1,567.50	No
		Nitrogen oxides	Organised	7	Kiln tail	42.78	DB34/3576-2020	794.07	3,135.00	No
		Particulate matter	Organised	14	Kiln head and tail	2.92	DB34/3576-2020	80.31	719.44	No
		Particulate matter	Organised	294	General discharge outlet	2.21	DB34/3576-2020	10.61		No
4	Anhui Tongling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	1.62	DB34/3576-2020	23.72	1,773.80	No
		Nitrogen oxides	Organised	5	Kiln tail	37.15	DB34/3576-2020	622.68	3,547.60	No
		Particulate matter	Organised	10	Kiln head and tail	3.91	DB34/3576-2020	88.96	871.60	No
		Particulate matter	Organised	383	General discharge outlet	6.22	DB34/3576-2020	12.25		No
5	Anhui Digang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	17.14	DB34/3576-2020	171.93	807.50	No
		Nitrogen oxides	Organised	4	Kiln tail	48.78	DB34/3576-2020	503.00	1,615.00	No
		Particulate matter	Organised	8	Kiln head and tail	3.70	DB34/3576-2020	56.32	438.44	No
		Particulate matter	Organised	197	General discharge outlet	6.34	DB34/3576-2020	22.07		No
6	Wuhu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	6	Kiln tail	19.01	DB34/3576-2020	385.53	1,789.38	No
		Nitrogen oxides	Organised	6	Kiln tail	44.98	DB34/3576-2020	938.96	3,578.75	No
		Particulate matter	Organised	12	Kiln head and tail	3.33	DB34/3576-2020	75.84	854.75	No
		Particulate matter	Organised	363	General discharge outlet	6.65	DB34/3576-2020	43.80		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
7	Anhui Zongyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	0.99	DB34/3576-2020	10.57	1,237.50	No
		Nitrogen oxides	Organised	5	Kiln tail	46.78	DB34/3576-2020	502.33	2,475.00	No
		Particulate matter	Organised	10	Kiln head and tail	2.22	DB34/3576-2020	34.08	554.29	No
		Particulate matter	Organised	216	General discharge outlet	2.60	DB34/3576-2020	4.60		No
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.09	DB34/3576-2020	43.34	516.25	No
		Nitrogen oxides	Organised	2	Kiln tail	28.09	DB34/3576-2020	100.99	1,032.50	No
		Particulate matter	Organised	4	Kiln head and tail	2.28	DB34/3576-2020	16.89	290.17	No
		Particulate matter	Organised	132	General discharge outlet	2.75	DB34/3576-2020	3.25		No
9	Wuhu South Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	21.82	DB34/3576-2020	103.66	513.13	No
		Nitrogen oxides	Organised	3	Kiln tail	74.73	DB34/3576-2020	356.79	1,031.25	No
		Particulate matter	Organised	6	Kiln head and tail	2.84	DB34/3576-2020	22.15	1,686.31	No
		Particulate matter	Organised	196	General discharge outlet	3.95	DB34/3576-2020	26.47		No
10	Yingde Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	16.75	GB4915-2013	61.68	640.00	No
		Nitrogen oxides	Organised	4	Kiln tail	216.17	GB4915-2013	991.79	4,712.00	No
		Particulate matter	Organised	8	Kiln head and tail	3.70	GB4915-2013	37.38	699.27	No
		Particulate matter	Organised	222	General discharge outlet	4.93	GB4915-2013	10.18		No
11	Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.20	GB4915-2013	105.69	530.00	No
		Nitrogen oxides	Organised	2	Kiln tail	157.00	GB4915-2013	993.42	3,548.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.50	GB4915-2013	20.72	746.13	No
		Particulate matter	Organised	191	General discharge outlet	2.30	GB4915-2013	52.41		No
12	Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.56	GB4915-2013	22.38	320.00	No
		Nitrogen oxides	Organised	2	Kiln tail	267.93	GB4915-2013	1,077.85	3,030.48	No
		Particulate matter	Organised	4	Kiln head and tail	1.82	GB4915-2013	11.24	504.98	No
		Particulate matter	Organised	120	General discharge outlet	4.65	GB4915-2013	9.83		No
13	Hainan Changjiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	54.25	GB46/524-2021	100.92	387.50	No
		Nitrogen oxides	Organised	2	Kiln tail	150.22	GB46/524-2021	275.22	775.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.29	GB46/524-2021	8.86	117.48	No
		Particulate matter	Organised	93	General discharge outlet	4.65	GB46/524-2021	11.18		No
14	Guangying Cement	Sulfur dioxide	Organised	3	Kiln tail	8.93	GB4915-2013	13.36	234.09	No
		Nitrogen oxides	Organised	3	Kiln tail	245.77	GB4915-2013	468.47	2,342.65	No
		Particulate matter	Organised	6	Kiln head and tail	3.96	GB4915-2013	9.80	286.54	No
		Particulate matter	Organised	107	General discharge outlet	2.10	GB4915-2013	1.47		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
15	Guangdong Conch Hongfeng Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	37.40	GB4915-2013	112.22	399.40	No
		Nitrogen oxides	Organised	2	Kiln tail	260.88	GB4915-2013	756.13	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.72	GB4915-2013	26.88	469.56	No
		Particulate matter	Organised	113	General discharge outlet	3.11	GB4915-2013	6.83		No
16	Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.02	GB4915-2013	30.21	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	260.11	GB4915-2013	923.15	2,476.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.10	GB4915-2013	32.46	543.70	No
		Particulate matter	Organised	135	General discharge outlet	7.04	GB4915-2013	44.40		No
17	Xingye Kuyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.37	GB4915-2013	25.38	130.58	No
		Nitrogen oxides	Organised	2	Kiln tail	173.04	GB4915-2013	830.04	2,713.31	No
		Particulate matter	Organised	4	Kiln head and tail	5.54	GB4915-2013	42.30	1,041.97	No
		Particulate matter	Organised	151	General discharge outlet	7.56	GB4915-2013	27.97		No
18	Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	4.20	GB4915-2013	19.62	181.00	No
		Nitrogen oxides	Organised	3	Kiln tail	235.05	GB4915-2013	1,672.36	3,713.00	No
		Particulate matter	Organised	6	Kiln head and tail	5.51	GB4915-2013	56.49	605.20	No
		Particulate matter	Organised	272	General discharge outlet	7.93	GB4915-2013	29.97		No
19	Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.38	GB4915-2013	22.04	265.80	No
		Nitrogen oxides	Organised	2	Kiln tail	240.10	GB4915-2013	1,085.47	2,525.00	No
		Particulate matter	Organised	4	Kiln head and tail	6.24	GB4915-2013	37.57	600.00	No
		Particulate matter	Organised	164	General discharge outlet	8.09	GB4915-2013	24.42		No
20	Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	13.29	GB4915-2013	20.84	178.49	No
		Nitrogen oxides	Organised	1	Kiln tail	240.56	GB4915-2013	531.73	1,364.00	No
		Particulate matter	Organised	2	Kiln head and tail	9.19	GB4915-2013	26.53	276.50	No
		Particulate matter	Organised	121	General discharge outlet	7.65	GB4915-2013	18.35		No
21	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.19	GB4915-2013	2.76	426.25	No
		Nitrogen oxides	Organised	1	Kiln tail	330.78	GB4915-2013	358.70	852.50	No
		Particulate matter	Organised	2	Kiln head and tail	2.44	GB4915-2013	2.47	177.38	No
		Particulate matter	Organised	52	General discharge outlet	2.05	GB4915-2013	2.63		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
22	Fenxi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.85	GB4915-2013	23.44	1,052.70	No
		Nitrogen oxides	Organised	2	Kiln tail	264.88	GB4915-2013	671.46	1,801.80	No
		Particulate matter	Organised	4	Kiln head and tail	6.35	GB4915-2013	23.74	362.92	No
		Particulate matter	Organised	129	General discharge outlet	3.57	GB4915-2013	3.64		No
23	Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	6.50	GB4915-2013	48.21	320.00	No
		Nitrogen oxides	Organised	3	Kiln tail	241.44	GB4915-2013	1,860.78	4,468.50	No
		Particulate matter	Organised	6	Kiln head and tail	5.93	GB4915-2013	59.64	853.41	No
		Particulate matter	Organised	179	General discharge outlet	9.22	GB4915-2013	20.95		No
24	Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	1.55	GB4915-2013	6.16	235.19	No
		Nitrogen oxides	Organised	3	Kiln tail	272.64	GB4915-2013	893.79	2,641.00	No
		Particulate matter	Organised	6	Kiln head and tail	6.64	GB4915-2013	46.08	519.87	No
		Particulate matter	Organised	155	General discharge outlet	4.29	GB4915-2013	6.93	293.17	No
25	Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.33	GB4915-2013	6.34	470.00	No
		Nitrogen oxides	Organised	2	Kiln tail	141.76	GB4915-2013	408.52	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.18	GB4915-2013	23.14	675.02	No
		Particulate matter	Organised	167	General discharge outlet	8.06	GB4915-2013	6.16		No
26	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.22	GB4915-2013	34.97	404.36	No
		Nitrogen oxides	Organised	2	Kiln tail	189.36	GB4915-2013	576.80	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.86	GB4915-2013	22.74	458.39	No
		Particulate matter	Organised	169	General discharge outlet	7.05	GB4915-2013	7.99		No
27	Shimen Conch	Sulfur dioxide	Organised	2	Kiln tail	5.01	GB4915-2013	17.06	450.10	No
		Nitrogen oxides	Organised	2	Kiln tail	51.27	GB4915-2013	154.85	2,536.50	No
		Particulate matter	Organised	4	Kiln head and tail	6.24	GB4915-2013	29.26	407.69	No
		Particulate matter	Organised	148	General discharge outlet	3.63	GB4915-2013	3.44		No
28	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	30.25	GB4915-2013	59.65	462.10	No
		Nitrogen oxides	Organised	2	Kiln tail	278.44	GB4915-2013	519.92	2,187.90	No
		Particulate matter	Organised	4	Kiln head and tail	4.57	GB4915-2013	14.87	391.00	No
		Particulate matter	Organised	124	General discharge outlet	7.56	GB4915-2013	7.38		No
29	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.25	GB4915-2013	0.40	234.40	No
		Nitrogen oxides	Organised	1	Kiln tail	38.87	GB4915-2013	69.04	1,240.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.46	GB4915-2013	3.66	202.01	No
		Particulate matter	Organised	130	General discharge outlet	7.80	GB4915-2013	8.71		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
30	Shaoyang Yeafing New Energy Technology Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	27.20	GB4915-2013	57.81	160.00	No
		Nitrogen oxides	Organised	1	Kiln tail	165.60	GB4915-2013	287.71	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.19	GB4915-2013	16.33	184.50	No
		Particulate matter	Organised	80	General discharge outlet	2.92	GB4915-2013	1.85		No
31	Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.03	GB4915-2013	1.97	247.05	No
		Nitrogen oxides	Organised	2	Kiln tail	242.97	GB4915-2013	229.46	1,716.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.47	GB4915-2013	5.26	305.60	No
		Particulate matter	Organised	133	General discharge outlet	3.28	GB4915-2013	1.78		No
32	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	22.68	GB4915-2013	20.66	234.97	No
		Nitrogen oxides	Organised	1	Kiln tail	301.00	GB4915-2013	286.62	1,386.58	No
		Particulate matter	Organised	2	Kiln head and tail	3.40	GB4915-2013	2.46	222.71	No
		Particulate matter	Organised	83	General discharge outlet	6.38	GB4915-2013	11.86		No
33	Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.34	GB4915-2013	0.60	151.11	No
		Nitrogen oxides	Organised	1	Kiln tail	246.35	GB4915-2013	467.81	1,440.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.88	GB4915-2013	9.74	340.31	No
		Particulate matter	Organised	106	General discharge outlet	6.87	GB4915-2013	8.42		No
34	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.56	GB4915-2013	1.06	150.00	No
		Nitrogen oxides	Organised	1	Kiln tail	30.26	GB4915-2013	57.27	1,120.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.74	GB4915-2013	9.36	186.28	No
		Particulate matter	Organised	84	General discharge outlet	5.79	GB4915-2013	7.82		No
35	Jiande Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.09	GB4915-2013	65.40	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	42.40	GB4915-2013	166.31	1,840.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.90	GB4915-2013	11.19	294.06	No
		Particulate matter	Organised	121	General discharge outlet	3.48	GB4915-2013	8.69		No
36	Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.85	DB37/2373-2018	7.66	281.30	No
		Nitrogen oxides	Organised	1	Kiln tail	41.70	DB37/2373-2018	59.59	601.43	No
		Particulate matter	Organised	2	Kiln head and tail	2.08	DB37/2373-2018	4.48	164.96	No
		Particulate matter	Organised	134	General discharge outlet	4.34	GB4915-2013	3.70		No
37	China Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	2.95	DB32/4149-2021	5.37	52.38	No
		Nitrogen oxides	Organised	2	Kiln tail	48.29	DB32/4149-2021	86.82	487.74	No
		Particulate matter	Organised	4	Kiln head and tail	5.33	DB32/4149-2021	16.03	100.17	No
		Particulate matter	Organised	93	General discharge outlet	8.01	DB32/4149-2021	11.29		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
38	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	14.40	DB34/3576-2020	104.47	618.75	No
		Nitrogen oxides	Organised	3	Kiln tail	38.23	DB34/3576-2020	275.88	1,237.50	No
		Particulate matter	Organised	6	Kiln head and tail	2.88	DB34/3576-2020	19.63	316.92	No
		Particulate matter	Organised	149	General discharge outlet	3.45	DB34/3576-2020	4.84		No
39	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	1.81	DB34/3576-2020	8.63	240.00	No
		Nitrogen oxides	Organised	2	Kiln tail	40.64	DB34/3576-2020	173.03	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	4.07	DB34/3576-2020	31.43	271.48	No
		Particulate matter	Organised	119	General discharge outlet	7.05	DB34/3576-2020	7.96		No
40	Quanjiao Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.65	DB34/3576-2020	12.97	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	37.00	DB34/3576-2020	177.46	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.98	DB34/3576-2020	12.87	267.18	No
		Particulate matter	Organised	134	General discharge outlet	3.03	DB34/3576-2020	7.64		No
41	Anhui Huaining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.55	DB34/3576-2020	13.52	412.50	No
		Nitrogen oxides	Organised	2	Kiln tail	44.60	DB34/3576-2020	247.53	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.62	DB34/3576-2020	12.53	252.84	No
		Particulate matter	Organised	147	General discharge outlet	5.38	DB34/3576-2020	8.07		No
42	Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.23	GB4915-2013	24.30	342.58	No
		Nitrogen oxides	Organised	2	Kiln tail	57.96	GB4915-2013	264.93	3,285.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.47	GB4915-2013	7.70	700.04	No
		Particulate matter	Organised	143	General discharge outlet	2.85	GB4915-2013	7.73		No
43	Dazhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.43	GB4915-2013	21.70	284.30	No
		Nitrogen oxides	Organised	2	Kiln tail	38.51	GB4915-2013	152.78	2,970.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.23	GB4915-2013	17.95	590.32	No
		Particulate matter	Organised	117	General discharge outlet	3.52	GB4915-2013	6.86		No
44	Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.75	GB4915-2013	5.08	142.13	No
		Nitrogen oxides	Organised	1	Kiln tail	182.57	GB4915-2013	340.98	1,008.26	No
		Particulate matter	Organised	2	Kiln head and tail	4.86	GB4915-2013	15.24	326.99	No
		Particulate matter	Organised	105	General discharge outlet	3.28	GB4915-2013	8.76		No
45	Chongqing Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	3.15	DB50/656-2016	21.80	2,252.25	No
		Nitrogen oxides	Organised	3	Kiln tail	135.48	DB50/656-2016	905.83	3,474.00	No
		Particulate matter	Organised	6	Kiln head and tail	4.26	DB50/656-2016	40.12	875.36	No
		Particulate matter	Organised	246	General discharge outlet	8.75	DB50/656-2016	35.09		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	Total amount of approved discharge	Excessive discharge
								of actual discharge (t)	(t/a)	
46	Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.98	DB50/656-2016	17.15	792.00	No
		Nitrogen oxides	Organised	1	Kiln tail	160.47	DB50/656-2016	273.52	1,152.00	No
		Particulate matter	Organised	2	Kiln head and tail	9.40	DB50/656-2016	25.34	339.81	No
		Particulate matter	Organised	81	General discharge outlet	9.90	DB50/656-2016	10.13		No
47	Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.64	GB4915-2013	2.59	79.58	No
		Nitrogen oxides	Organised	1	Kiln tail	221.46	Environmental impact evaluation approval document for construction project	246.65	567.74	No
		Particulate matter	Organised	2	Kiln head and tail	8.50	GB4915-2013	12.32	151.20	No
		Particulate matter	Organised	80	General discharge outlet	2.32	GB4915-2013	0.83		No
48	Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.05	GB4915-2013	20.60	1,515.00	No
		Nitrogen oxides	Organised	2	Kiln tail	230.25	GB4915-2013	844.80	3,030.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.14	GB4915-2013	16.30	645.80	No
		Particulate matter	Organised	145	General discharge outlet	19.18	GB4915-2013	25.50		No
49	Liquan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.32	DB61/941-2018	32.87	208.69	No
		Nitrogen oxides	Organised	2	Kiln tail	110.66	DB61/941-2018	352.47	1,908.00	No
		Particulate matter	Organised	4	Kiln head and tail	1.86	DB61/941-2018	6.87	335.96	No
		Particulate matter	Organised	162	General discharge outlet	5.63	DB61/941-2018	13.41		No
50	Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.33	DB61/941-2018	7.53	297.00	No
		Nitrogen oxides	Organised	1	Kiln tail	187.51	DB61/941-2018	199.58	1,188.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.01	DB61/941-2018	4.30	197.58	No
		Particulate matter	Organised	114	General discharge outlet	5.90	DB61/941-2018	2.30		No
51	Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	11.00	DB61/941-2018	12.69	249.00	No
		Nitrogen oxides	Organised	1	Kiln tail	198.00	DB61/941-2018	216.80	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	5.60	DB61/941-2018	6.70	176.33	No
		Particulate matter	Organised	104	General discharge outlet	6.10	DB61/941-2018	10.34		No
52	Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	17.09	DB61/941-2018	13.30	191.81	No
		Nitrogen oxides	Organised	1	Kiln tail	200.50	DB61/941-2018	152.60	1,227.60	No
		Particulate matter	Organised	2	Kiln head and tail	7.16	DB61/941-2018	6.11	186.91	No
		Particulate matter	Organised	124	General discharge outlet	1.59	DB61/941-2018	7.80		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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
53	Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.40	DB61/941-2018	6.51	238.50	No
		Nitrogen oxides	Organised	1	Kiln tail	82.91	DB61/941-2018	100.00	954.00	No
		Particulate matter	Organised	2	Kiln head and tail	1.36	DB61/941-2018	1.96	102.56	No
		Particulate matter	Organised	122	General discharge outlet	6.40	DB61/941-2018	8.48		No
54	Shaanxi Tongchuan Fenghuang Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.20	DB61/941-2018	11.00	337.50	No
		Nitrogen oxides	Organised	1	Kiln tail	202.71	DB61/941-2018	241.10	1,080.00	No
		Particulate matter	Organised	2	Kiln head and tail	0.40	DB61/941-2018	0.68	175.13	No
		Particulate matter	Organised	80	General discharge outlet	5.28	DB61/941-2018	3.54		No
55	Hami Hongyi Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.89	GB/4915-2013	3.11	45.00	No
		Nitrogen oxides	Organised	1	Kiln tail	237.87	GB/4915-2013	152.99	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	7.40	GB/4915-2013	7.22	152.68	No
		Particulate matter	Organised	59	General discharge outlet	4.79	GB/4915-2013	0.28		No
56	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	0.13	GB4915-2013	0.12	145.85	No
		Nitrogen oxides	Organised	2	Kiln tail	150.63	GB4915-2013	248.87	971.45	No
		Particulate matter	Organised	4	Kiln head and tail	5.49	GB4915-2013	11.23	164.30	No
		Particulate matter	Organised	114	General discharge outlet	5.61	GB4915-2013	5.50		No
57	Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	26.03	GB4915-2013	90.27	706.37	No
		Nitrogen oxides	Organised	3	Kiln tail	296.60	GB4915-2013	904.38	3,901.51	No
		Particulate matter	Organised	6	Kiln head and tail	6.12	GB4915-2013	28.53	585.83	No
		Particulate matter	Organised	157	General discharge outlet	9.04	GB4915-2013	15.84		No
58	Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	29.25	GB4915-2013	72.78	646.80	No
		Nitrogen oxides	Organised	2	Kiln tail	267.92	GB4915-2013	637.99	3,267.00	No
		Particulate matter	Organised	4	Kiln head and tail	11.43	GB4915-2013	25.78	671.27	No
		Particulate matter	Organised	120	General discharge outlet	7.26	GB4915-2013	15.56		No
59	Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.32	GB4915-2013	17.79	1,485.00	No
		Nitrogen oxides	Organised	2	Kiln tail	320.18	GB4915-2013	634.11	2,970.00	No
		Particulate matter	Organised	4	Kiln head and tail	4.07	GB4915-2013	11.34	666.96	No
		Particulate matter	Organised	131	General discharge outlet	6.91	GB4915-2013	10.58		No
60	Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	29.11	GB4915-2013	26.70	1,559.25	No
		Nitrogen oxides	Organised	2	Kiln tail	254.94	GB4915-2013	388.89	3,118.50	No
		Particulate matter	Organised	4	Kiln head and tail	7.78	GB4915-2013	18.65	660.09	No
		Particulate matter	Organised	132	General discharge outlet	7.14	GB4915-2013	17.06		No

6. Environmental and Social Responsibilities

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Implemented Average discharge concentration (mg/m ³)	standards for discharge of pollutants	Total	Total	Excessive discharge
								of actual discharge (t)	amount of approved discharge (t/a)	
61	Qianxi Nanzhou Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.46	GB4915-2013	2.62	241.00	No
		Nitrogen oxides	Organised	1	Kiln tail	126.47	GB4915-2013	134.60	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.13	GB4915-2013	8.72	134.06	No
		Particulate matter	Organised	103	General discharge outlet	10.70	GB4915-2013	2.84		No
62	Shuicheng Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.63	GB4915-2013	7.40	446.99	No
		Nitrogen oxides	Organised	2	Kiln tail	298.48	GB4915-2013	283.35	1,733.62	No
		Particulate matter	Organised	4	Kiln head and tail	11.93	GB4915-2013	4.75	393.70	No
		Particulate matter	Organised	104	General discharge outlet	8.80	GB4915-2013	8.91		No
63	Guizhou Liukuangruian Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	52.67	GB4915-2013	60.19	529.23	No
		Nitrogen oxides	Organised	2	Kiln tail	223.48	GB4915-2013	287.15	2,260.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.42	GB4915-2013	9.35	481.00	No
		Particulate matter	Organised	109	General discharge outlet	7.15	GB4915-2013	5.27		No
64	Guizhou New Shuanglong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	20.75	GB4915-2013	11.98	135.00	No
		Nitrogen oxides	Organised	1	Kiln tail	284.00	GB4915-2013	144.97	620.00	No
		Particulate matter	Organised	2	Kiln head and tail	13.55	GB4915-2013	2.79	142.00	No
		Particulate matter	Organised	65	General discharge outlet	13.80	GB4915-2013	1.80		No
65	Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.95	GB4915-2013	1.05	150.76	No
		Nitrogen oxides	Organised	1	Kiln tail	310.75	GB4915-2013	251.31	1,395.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.82	GB4915-2013	4.07	301.95	No
		Particulate matter	Organised	77	General discharge outlet	6.51	GB4915-2013	2.52		No
66	Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.79	GB4915-2013	0.50	43.00	No
		Nitrogen oxides	Organised	1	Kiln tail	245.68	GB4915-2013	89.74	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.45	GB4915-2013	2.72	163.40	No
		Particulate matter	Organised	106	General discharge outlet	6.33	GB4915-2013	2.58		No
67	Yingjiang Yunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.84	GB4915-2013	7.47	60.15	No
		Nitrogen oxides	Organised	1	Kiln tail	270.20	GB4915-2013	284.50	1,304.05	No
		Particulate matter	Organised	2	Kiln head and tail	6.73	GB4915-2013	9.42	260.22	No
		Particulate matter	Organised	95	General discharge outlet	7.46	GB4915-2013	9.05		No
68	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.88	GB4915-2013	24.77	241.10	No
		Nitrogen oxides	Organised	2	Kiln tail	225.85	GB4915-2013	535.41	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.27	GB4915-2013	13.22	603.89	No
		Particulate matter	Organised	123	General discharge outlet	7.23	GB4915-2013	7.32		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	Total amount of approved discharge	Excessive discharge
								(t)	(t/a)	
69	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.10	GB4915-2013	1.92	62.27	No
		Nitrogen oxides	Organised	1	Kiln tail	361.47	GB4915-2013	163.79	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	3.97	GB4915-2013	2.10	94.90	No
		Particulate matter	Organised	47	General discharge outlet	7.84	GB4915-2013	0.96		No
70	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.90	GB4915-2013	3.61	172.00	No
		Nitrogen oxides	Organised	1	Kiln tail	255.38	GB4915-2013	116.77	576.00	No
		Particulate matter	Organised	2	Kiln head and tail	5.83	GB4915-2013	3.76	124.28	No
		Particulate matter	Organised	34	General discharge outlet	8.11	GB4915-2013	3.47		No
71	Tengchong Tengyue Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	9.08	GB4915-2013	2.16	86.43	No
		Nitrogen oxides	Organised	1	Kiln tail	275.28	GB4915-2013	62.93	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.90	GB4915-2013	1.71	160.38	No
		Particulate matter	Organised	95	General discharge outlet	6.64	GB4915-2013	1.06		No
72	Anhui Conch Siam Refractory Material Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail of tunnel	45.87	Environmental impact evaluation approval document for construction project	5.68	36.79	No
		Nitrogen oxides	Organised	1	Kiln tail of tunnel	156.63	Environmental impact evaluation approval document for construction project	19.53	88.30	No
		Particulate matter	Organised	1	Kiln tail of tunnel	12.85	Environmental impact evaluation approval document for construction project	1.58	11.04	No
		Particulate matter	Organised	24	General discharge outlet	7.45	GB16297-1996	1.24	/	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	Total	Excessive discharge
								amount of actual discharge (t)	amount of approved discharge (t/a)	
73	Hongji Cement	Sulfur dioxide	Organised	1	Kiln tail	1.26	GB4915-2013	1.50	118.80	No
		Nitrogen oxides	Organised	1	Kiln tail	233.44	GB4915-2013	188.20	1,200.00	No
		Particulate matter	Organised	2	Kiln head and tail	7.15	GB4915-2013	7.75	229.16	No
		Particulate matter	Organised	37	General discharge outlet	5.61	GB4915-2013	14.23		No
74	Naiman Banner Xingta Renewable Resources Co., Ltd. ^{Note 1}	Sulfur dioxide	Organised	1	General discharge outlet	/	GB9078-1996	/	/	No
		Nitrogen oxides	Organised	1	General discharge outlet	/	GB9078-1996	/	/	No
		Particulate matter	Organised	1	General discharge outlet	/	GB9078-1996	/	/	No
75	Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd. ^{Note 2}	Non-methane hydrocarbon	Organised	2	General discharge outlet	10.68	GB16297-1996	0.03	/	No
		Particulate matter	Organised	1	General discharge outlet	1.70	GB4915-2013	0.01	/	No
		Particulate matter	Organised	1	General discharge outlet	/	GB4915-2013	/	/	No
		Odor concentration	Organised	1	General discharge outlet	/	GB14554-93	/	/	No

- Notes:
1. During the Reporting Period, Naiman Banner Xingta Renewable Resources Co., Ltd. was not in production and operation, thus no pollutants were emitted.
 2. During the Reporting Period, Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd. has not disposed ash and solid waste or semi-solid waste, thus no pollutants were emitted from ash bin and solid waste or semi-solid waste discharge outlet.

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

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
1	Anhui Changfeng Conch Cement Co., Ltd.	Particulate matter	Organised	54	General discharge outlet	2.36	DB34/3576-2020	1.50	/	No
2	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	65	General discharge outlet	4.29	DB34/3576-2020	2.69	/	No
3	Bengbu Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	2.11	DB34/3576-2020	1.17	/	No
4	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	77	General discharge outlet	4.18	DB34/3576-2020	6.22	/	No
5	Huainan Conch Cement Co., Ltd.	Particulate matter	Organised	104	General discharge outlet	6.56	DB34/3576-2020	7.01	/	No
6	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	3.98	DB34/3576-2020	1.95	/	No
7	Ma'anshan Conch	Particulate matter	Organised	89	General discharge outlet	3.88	DB34/3576-2020	16.58	/	No
8	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	51	General discharge outlet	2.93	GB4915-2013	4.04	/	No
9	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	32	General discharge outlet	1.90	GB4915-2013	1.30	17.00	No
10	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	4.80	GB4915-2013	4.20	/	No
11	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	137	General discharge outlet	2.72	GB4915-2013	13.65	/	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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
12	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	6.53	GB4915-2013	8.79	/	No
13	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	7.50	GB4915-2013	3.43	21.50	No
14	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	57	General discharge outlet	7.04	GB4915-2013	17.51	83.20	No
15	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	7.09	GB4915-2013	12.30	/	No
16	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	13	General discharge outlet	7.85	GB4915-2013	2.27	/	No
17	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	148	General discharge outlet	4.50	GB4915-2013	7.90	/	No
18	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	6.90	GB4915-2013	14.40	/	No
19	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	9.00	GB4915-2013	12.53	/	No
20	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	9.06	GB4915-2013	15.23	/	No
21	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	5.38	GB4915-2013	8.94	/	No
22	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	91	General discharge outlet	1.68	GB4915-2013	3.19	/	No
23	Fujian Jiayang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	6.82	GB4915-2013	0.94	/	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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
24	Ningde Conch Cement Co., Ltd.	Particulate matter	Organised	34	General discharge outlet	20.00	DB35/1311-2013	7.37	/	No
25	Linquan Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	6.37	DB34/3576-2020	1.50	/	No
26	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	7.90	GB4915-2013	9.46	/	No
27	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	96	General discharge outlet	4.45	GB4915-2013	7.42	/	No
28	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	8.95	GB4915-2013	18.18	/	No
29	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	4.33	GB4915-2013	8.19	/	No
30	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	6.70	GB4915-2013	23.64	/	No
31	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	166	General discharge outlet	7.79	GB4915-2013	16.84	/	No
32	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	116	General discharge outlet	6.67	GB4915-2013	19.76	/	No
33	Jinxian Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	7.99	GB4915-2013	15.18	/	No
34	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	6.04	GB4915-2013	20.80	/	No
35	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	5.08	GB4915-2013	3.90	/	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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
36	Chizhou Conch New Material Co., Ltd.	Particulate matter	Organised	31	General discharge outlet	2.34	GB16297-1996	2.12	/	No
37	Jiangxi Yiyang Conch New Material Co., Ltd.	Particulate matter	Organised	46	General discharge outlet	8.85	GB16297-1996	1.90	/	No
38	Chongqing Duoqi	Particulate matter	Organised	7	General discharge outlet	8.73	DB50/656-2016	0.54	/	No
39	Chifeng Conch	Sulfur dioxide	Organised	1	General discharge outlet	125.33	GB4915-2013	0.80	/	No
		Nitrogen oxides	Organised	1	General discharge outlet	80.00	GB4915-2013	0.53	/	No
		Particulate matter	Organised	26	General discharge outlet	14.60	GB4915-2013	0.70	/	No
40	Quanjiao Conch Construction Technology Co., Ltd.	Particulate matter	Organised	8	General discharge outlet	4.25	DB34/3576-2020	0.21	0.90	No
41	Wuhu Conch Plastic Manufacturing Company Limited	Non-methane hydrocarbon	Organised	3	General discharge outlet	1.39	DB13/2322-2016	0.22	/	No
42	Guangyuan Conch Plastic Packaging Co., Ltd.	Particulate matter	Organised	3	General discharge outlet	24.60	GB/T 16157-1996	1.51	/	No
		Non-methane hydrocarbon	Organised			4.92	HJ/T38-2017	0.38	/	No
		Odor concentration	Organised			1,202 (Non-dimensional)	GB T14675-1993	/	/	No
43	Yingde Conch Plastic Packaging Company Limited	Particulate matter	Organised	2	General discharge outlet	12.20	DB44/27-2001	0.17	/	No
		Volatile organic compound	Organised	2	General discharge outlet	1.32	DB44/815-2010	0.05	/	No
44	Jianghua Conch Plastic Packaging Company Limited	Non-methane hydrocarbon	Organised	2	General discharge outlet	0.54	DB34/1357-2017	0.03	/	No
45	Anhui Ningchang Plastic Packaging Co., Ltd.	Particulate matter	Organised	1	General discharge outlet	9.70	GB31572-2012	0.01	0.03	No
		Non-methane hydrocarbon	Organised	3	General discharge outlet	1.55	GB31572-2012	0.08	1.67	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 (t)	Total amount of approved discharge (t/a)	Excessive discharge
46	Baoji Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	6.02	DB61/T1061-2017	0.07	/	No
47	Guiding Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	1	General discharge outlet	1.09	GB16297-1996	0.02	/	No
		Particulate matter	Organised	1	General discharge outlet	18.00	GB16297-1996	0.33	/	No

3. Environmental protection effort and achievements of the Group

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

6. Environmental and Social Responsibilities

During the Reporting Period, in terms of reducing nitrogen oxide emissions, the Group had completed SCR denitration technological modification for 7 clinker production lines. As of the end of the Reporting Period, SCR denitration technological modification for a total of 51 clinker production lines had been completed, achieving an ultra-low emission rate for nitrogen oxides after the technological modification. In terms of emission reduction of sulfur dioxide, the Company had completed the technological modification with wet desulfurization for 3 clinker production lines. As at the end of the Reporting Period, 39 sets of wet desulfurization project for a total of 40 clinker production lines had been carried out. The average emission concentration of sulfur dioxide is less than 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 10 sets of main dust collectors, with a total of 246 sets completed accumulatively as of the end of the Reporting Period. After technological modification, the average emission concentration of particulate matter is less than 10mg/m³, which is lower than the national emission standard. During the Reporting Period, a total of nine subsidiaries of the Group passed the leading enterprise appraisal of performance grading in terms of heavy pollution weather. As at the end of the Reporting Period, a total of 7 base companies passed the assessment as A Class Enterprise and 16 grinding station companies passed the assessment as Leading Enterprise.

During the Reporting Period, in terms of emission reduction of carbon dioxide, the Group earnestly implemented the state's policy requirements in relation to "carbon peaking" and "carbon neutrality", studied and formulated the Company's mid and long-term route for reduction of carbon emission, and actively participated in the study on the subject of the carbon collection in the flue gas of cement kiln in building materials industry. During the Reporting Period, the Group implemented technological modification for comprehensive energy efficiency improvement for some clinker production lines, extensively carried out upgrades to and modification for grate coolers, modification for low-nitrogen decomposition furnaces, replaced raw material grinding mill with roll squeezer, and used high-efficiency fans and new insulative nanomaterials. At the same time, the Group adopted coal-burning accelerants, and endeavored to reduce coal consumption in all respects by using advanced energy-saving and emission-reduction technology and equipment in the cement industry, so as to reduce carbon dioxide emissions comprehensively. Meanwhile, the Group actively explored renewable energy, continuously promoted the use of clean energy such as photovoltaic power generation and alternative fuels, so as to further reduce the carbon dioxide emission caused by fossil fuel combustion. In addition, the Group continued to promote a smart agricultural greenhouse project to use carbon dioxide as agricultural gas fertilizer for production of organic vegetables, thus achieving resource utilization of carbon dioxide.

6. Environmental and Social Responsibilities

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

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

During the Reporting Period, the Group had not been subjected to administrative penalties due to environmental issues.

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

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

6. Environmental and Social Responsibilities

In terms of poverty alleviation, the Group earnestly implemented various decisions and plans of the state and the Anhui Provincial Party Committee and Provincial Government on poverty alleviation, and actively participated in poverty alleviation in designated areas in Anhui Province, such as Jianglaojia Village in Jiangji Town of Lixin County, Zhong Village in Bantouqiao Town of Jixi County, and Pingding Village in Yanqiao Town of Wuwei City. On one hand, the Group strengthened organizational, systematic and personnel safeguards to agglomerate a strong coordination for poverty alleviation. It set up an action leading group for poverty alleviation to provide guidance in propelling poverty alleviation works on-site; established a three-level accountability system for poverty alleviation through the coordination by the Party committee, promotion by the functional departments, and implementation by the poverty alleviation work team to ensure the normalization, institutionalization and standardization of poverty alleviation measures; and insisted to select and assign excellent cadres to the frontlines so as to provide comprehensive support for poverty alleviation work. On the other hand, on the basis of the foundational work carried out earlier, the Group further deepened, refined and solidified the poverty alleviation efforts. Taking the actual conditions of poverty alleviation areas into consideration, it tailored measures according to local conditions and implemented specific policies, and established a standardized assistance mechanism. By means of industrial assistance, employment assistance and consumption assistance, the Group continuously stimulated the productive forces of poverty alleviation areas, enhanced the ability for self-sufficiency of poor households, and identified fundamental ways to eradicate poverty and achieve prosperity. At the same time, the Group carried out “looking back” activities to strengthen dynamic monitoring of poverty alleviation areas, ensure large-scale return to poverty would not happen, and continuously consolidate and expand the achievements of poverty alleviation.

6. Environmental and Social Responsibilities

In terms of rural revitalization, the subsidiaries of the Group were mostly built near mountains and villages. While investing and building factories in rural areas, the Group played a positive role in increasing local financial tax revenue, promoting employment of rural population and boosting rural economic development. Moreover, the Group drove the flow of production factors such as technology, equipment, manpower and capital, thus injecting new momentum for rural revitalization. Adhering to the operation principle of “the highest quality and the sincerest service”, the Group strove to provide high-quality cement products for the construction of new village, improved the conditions for infrastructure construction such as roads, drinking water and power supply and built a favorable living environment in rural areas. Meanwhile, the Group actively performed its social responsibility as a large enterprise by effectively combining poverty alleviation with rural revitalization, donating funds to build public service centers and medical and health rooms in part of the regions, improving the construction of fundamental facilities such as nursing homes, primary and secondary schools and actively carrying out activities such as donating to schools and paying visits to poor areas. The Group continuously enhanced the ability of rural areas to safeguard the basic public services such as medical care, nursing care and education and pushed forward the consistent improvement of the living condition of local people. In addition, during the daily production and operation process, the Group adhered to respecting nature, adapting nature and protecting nature, firmly established and practiced the concept of “lucid waters and lush mountains are invaluable assets”, strictly kept the ecological redlines, oriented at the ecological environment-friendly and effective use of resources, continuously carried out restoration treatment towards ecological environment, attached great importance to the preservation of biodiversity, continuously promote the construction of green plant, made great effort to build the digital and smart mines, pushed the changes of production and life style, so as to provide rural areas with a pleasant living environment featuring natural and beautiful landscape, a stable and sound ecosystem, and harmony between humankind and nature, thus creating a healthy cycle of ecological protection and economic growth, and promoting rural revitalization with the concept of green, low-carbon, and sustainable development.

7. Significant Events

(1) COMMITMENTS

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

(2) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE BY THE CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder and other related parties.

(3) GUARANTEES IN VIOLATION OF THE PROVISIONS

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

7. Significant Events

(4) ANALYSIS AND EXPLANATION ON REASONS AND IMPACT OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

During the Reporting Period, the Group implemented the relevant requirements of the “Questions and Answers on the Implementation of the Accounting Standards for Business Enterprises” promulgated by the Accounting Department of the Ministry of Finance of the PRC on 2 November 2021. The 2022 interim financial statements prepared by the Group have listed the transportation costs incurred for the performance of customer sales contracts in the item “Operating Costs”, and restated relevant items in the 2021 interim financial statements.

The above changes of accounting policies were reasonable changes made in accordance with the relevant requirements promulgated by the Accounting Department of the Ministry of Finance of the PRC, which would not bring material impacts on the financial position and operating results of the Company.

(5) MATERIAL LITIGATION, ARBITRATION AND NEGATIVE MEDIA INQUIRY

During the Reporting Period, the Group was not involved in any litigation, arbitration and negative media inquiry which might have a material impact on the Group’s business operation and management, nor were any of the current Directors, Supervisors and members of senior management of the Company involved in any material litigation or arbitration.

(6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

(7) ACQUISITIONS AND DISPOSALS OF MATERIAL ASSETS AND EQUITY

During the Reporting Period, the Group had not conducted any acquisition and disposals of material assets or equity.

7. Significant Events

(8) CONNECTED TRANSACTIONS

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

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

(1) *Transactions with Conch Holdings – use of trademarks*

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

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB14.398 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 (the contracting party was subsequently changed to Conch New Materials Technology Trading Company) – procurement of grinding aids*

On 1 April 2021, the Company and Anhui Conch New Materials Technology Co., Ltd. (formerly known as “Conch New Materials Company”, currently renamed as “Anhui Conch Material Technology Co., Ltd.” (“Conch Technology”)) entered into the Procurement of Cement Admixtures (Grinding Aids) Contract, with a validity period from 1 April 2021 to 31 December 2022. Pursuant to the contract, the Group shall procure from Conch Technology three types of cement grinding aids, namely the composite type, the production-increasing type and the enhanced type with a contract price not exceeding RMB1,400 million, of which the annual cap amount for 2022 is RMB800 million.

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

7. Significant Events

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

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

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Procurement of Cement Admixtures (Grinding Aids) Contract as amended by the First Supplemental Contract and the Second Supplemental Contract was RMB388 million.

7. Significant Events

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch Technology, and Conch Technology holds 100% shares in Conch New Materials Technology Trading Company. Therefore, Conch Technology and Conch New Materials Technology Trading Company are associates of Conch Holdings, and are connected persons of the Company. The transactions contemplated under the Procurement of Cement Admixtures (Grinding Aids) Contract, the First Supplemental Contract and the Second Supplemental Contract constituted connected transactions for the Company under the HKSE Listing Rules. Since the Procurement of Cement Admixtures (Grinding Aids) Contract and the First Supplemental Contract were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction. According to the SSE Listing Rules, Conch Technology and Conch New Materials Technology Trading Company are also connected parties of the Company and the transactions contemplated under the Procurement of Cement Admixtures (Grinding Aids) Contract (as amended by the First Supplemental Contract and the Second Supplemental Contract) constituted connected transactions under its definition. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company respectively on 1 April 2021, 26 November 2021 and 13 May 2022 respectively, and on the website of the SSE on 2 April 2021, 27 November 2021 and 14 May 2022 respectively.

(3) *Transactions with Haihui Company – network cargo transportation service*

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

7. Significant Events

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

During the Reporting Period, the actual transaction amount (inclusive of tax) under the Network Cargo Transportation Service Contract was RMB38.4749 million.

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

7. Significant Events

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

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

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

During the Reporting Period, no transaction amount was incurred in relation to the execution of the Intelligent and Information System Operation and Maintenance Contract.

7. Significant Events

Conch IT Engineering is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Accordingly, Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Intelligent and Information System Operation and Maintenance Contract constitute continuing connected transactions for the Company under Chapter 14A of the HKSE Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the contract and the other two contracts entered into between the Company and Conch IT Engineering on 30 May 2022 (as disclosed below) shall be aggregated as if they were one transaction as they were all entered into within a 12-month period by the Group with the same party. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 30 May 2022 and 6 July 2022, respectively. According to the SSE Listing Rules, Conch IT Engineering is also a connected party of the Company, and the above transactions also constitute connected transactions for the Company under its definition. However, since the total amount of the contract and the other two contracts entered into between the Company and Conch IT Engineering on 30 May 2022 (as disclosed below) has not reached 0.5% of the latest audited net assets of the Company, the Company is not required to publish an ad hoc announcement for the said connected transactions on the website of the SSE.

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

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

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. In particular, the cost of the software and hardware of the systems of the contract was determined through open tender or with reference to the market prices of similar products. The profit margin thereof was determined mainly with reference to the prices of similar transactions between the Group and Conch IT Engineering in the past, as well as the fees charged for intelligent and informatization projects in the industry. The base profit margin is 10% of the cost of the software and hardware of the systems. In view of previous cooperation between the Company and Conch IT Engineering, after negotiations between the parties, the profit margin will be subject to appropriate downward adjustment below the 10% base profit margin. The overall profit margin charged by Conch IT Engineering under the contract will not be higher than 10% of the costs of the hardware and software of the systems.

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] 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 RMB906,200. 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 intelligent and informatization equipment supply and software design between the Company and Conch IT Engineering during the Reporting Period amounted to RMB77.785 million. During the Reporting Period, no transaction amount was incurred in relation to the execution of the Production Process Control and Quality Management System Design and Technical Service Contract. 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 production process control and quality management system design and technical service between the Company and Conch IT Engineering during the Reporting Period amounted to RMB16.6385 million.

7. Significant Events

Conch IT Engineering is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Accordingly, Conch IT Engineering is an associate of Conch Holdings and hence a connected person of the Company. The transactions contemplated under the Intelligent and Informatization Project Equipment Supply and Software Design Contract and the Production Process Control and Quality Management System Design and Technical Service Contract constitute connected transactions for the Company under Chapter 14A of the HKSE Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the said 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) shall be aggregated as if they were one transaction as they were all entered into within a 12-month period by the Company with the same party. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 30 May 2022 and 6 July 2022, respectively. According to the SSE Listing Rules, Conch IT Engineering is also a connected party of the Company, and the transactions contemplated under the above two contracts also constitute connected transactions for the Company under its definition. However, since the total amount of the two contracts and the Intelligent and Information System Operation and Maintenance Contract entered into between the Company and Conch IT Engineering on 30 May 2022 (as disclosed above) has not reached 0.5% of the latest audited net assets of the Company, the Company is not required to publish an ad hoc announcement for the said connected transactions on the website of SSE.

7. Significant Events

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

(1) Engineering project design and technology services

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

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

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the Engineering Project Design and Technology Service Contract was RMB11.6885 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 engineering project design and technology services between the Group and Conch Design Institute during the Reporting Period amounted to RMB47.9839 million.

7. Significant Events

(2) SCR denitration technology modification service

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

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

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was RMB13.325 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 SCR denitration technology modification services between the Company and Conch Design Institute during the Reporting Period amounted to RMB243 million.

7. Significant Events

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

7. Significant Events

(9) MATERIAL CONTRACTS

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

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its majority-owned subsidiaries in aggregate amounted to RMB580.06 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	Basu Conch Cement Co., Ltd.	70%	70,000	1 year	2022.1.5	Agricultural Development Bank of China
2	PT Conch Cement Indonesia	75%	208,050 (US\$31 million)	1 year	2022.3.1	Bank of China (Hong Kong) Limited
3	PT Conch North Sulawesi Cement	100%	302,010 (US\$45 million)	1 year	2022.5.16	Sumitomo Mitsui Banking Corporation, Jakarta Branch
Total			580,060			

7. Significant Events

During the Reporting Period, the Company provided an additional aggregate amount of RMB510.06 million as guarantees for subsidiaries with a gearing ratio of over 70%. Except for the guarantees for the bank loans as set out in the table above, the Company provided guarantees of RMB1,860.40 million for the trade finance facilities granted to Shanghai Conch Building Materials International Trade Company Limited.

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB8,500.73 million (including RMB4,309.55 million and USD624.49 million), representing 4.75% of the net assets of the Group as at the end of the Reporting Period. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB7,666.37 million and that for its joint ventures was RMB834.36 million.

As at the end of the Reporting Period, save for providing guarantees to two joint ventures, namely, Myanmar Conch Cement Company Limited and PT SDIC Papua Cement Indonesia, the Company did not provide any other guarantee for its controlling shareholder, de facto controllers, other related parties and any non-legal person entities or individuals. Save for the guarantees disclosed above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

(10) PENALTIES AND/OR REMEDIES IN RELATION TO THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

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

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

During the Reporting Period, there was no unenforced effective legal instruments of court, and no default in payment of outstanding due debt of relatively large amount by the Company, its controlling shareholder and de facto controller.

(12) NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS

As at the end of the Reporting Period and up to the date of this interim report, there was no occurrence of any event that might impose material impacts on the Group.

8. Changes in Shares and Shareholders

(1) TOTAL NUMBER OF SHARES AND SHAREHOLDING STRUCTURE

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

Class of shares	Before change		Increase/decrease (+,-) Transfer			After change	
	Number	Percentage (%)	Issue of new shares	from capital reserve	Subtotal	Number	Percentage (%)
1. Shares subject to trading restrictions	-	-	-	-	-	-	-
(1) State-owned legal person shares	-	-	-	-	-	-	-
(2) Other domestic shares	-	-	-	-	-	-	-
2. 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
3. Total number of shares	5,299,302,579	100	-	-	-	5,299,302,579	100

8. Changes in Shares and Shareholders

(2) SHAREHOLDERS

As at the end of the Reporting Period, the total number of shareholders of the Company was 352,943, 96 of which were holders of H shares; the shareholdings of the top ten registered shareholders of the Company are set out as follows:

Name of shareholder	Nature of shareholder	Change during	Number of shares	Percentage	Class of shares	Pledged,	Number of
		the Reporting	held at the end	of		marked or frozen	
		Period	of the Reporting	shareholding		Status	shares
		(share)	Period	(%)			(share)
			(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	-7,500	1,298,372,610	24.50	H Share	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	-30,194,562	308,740,504	5.83	A Share	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	-	158,706,314	2.99	A Share	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	-	68,767,400	1.30	A Share	Unknown	Unknown
6. HHLR Management Pte. Ltd.-HHLR China Fund	Others	-	37,322,610	0.70	A Share	Unknown	Unknown
7. CV Investment ^(Note 3)	Domestic non-state-owned legal person	-4,526,100	35,139,900	0.66	A Share	Unknown	Unknown
8. Bank Negara Malaysia	Others	13,939,744	23,271,469	0.44	A Share	Unknown	Unknown
9. Guosen Securities Co., Ltd.	Others	-86,624	20,991,601	0.40	A Share	Unknown	Unknown
10. Industrial & Commercial Bank of China - SSE 50 Trading Open-end Index Securities Investment Fund	Others	-4,096,000	15,955,403	0.30	A Share	Unknown	Unknown

8. Changes in Shares and Shareholders

Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, mark or, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,372,610 H Shares, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) As at the end of the Reporting Period, CV Investment held 35,139,900 A Shares, of which 34,915,303 shares were acquired through purchase in the secondary market, with voting rights attached thereto in accordance with the law and 224,597 shares were acquired through the Company's issue of shares as consideration for purchase of assets from CV Investment and the capitalization of capital reserve fund. According to the relevant commitments made by CV Investment, such shares do not have voting rights. For details, please refer to "(1) Commitments" in "Chapter 7 Significant Events" of this report.
- (4) All the above shares are floating shares not subject to trading restrictions.
- (5) The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.
- (6) During the Reporting Period, the Company did not carry out share repurchase, so there was no designated repurchase account among the top ten shareholders.

8. Changes in Shares and Shareholders

(3) SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, the following persons (other than the Directors 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 (references to Directors or chief executive in this paragraph include Supervisors):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) (Note 1)	Beneficial owner	48.23% (Note 2)
Anhui Provincial Investment Group Holding Co., Ltd.	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture Property	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note 4)	Interest of a controlled corporation	8.97% (Note 3)
Citigroup Inc.	90,886,212 H Shares (long position) (Note 5)	Interest of controlled corporation/ Approved Lending Agent	6.99% (Note 3)

8. Changes in Shares and Shareholders

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Citigroup Inc.	8,509,699 H Shares (short position) (Note 5)	Interest of a controlled corporation	0.65% (Note 3)
BlackRock, Inc.	81,933,221 H Shares (long position) (Note 6)	Interest of a controlled corporation	6.30% (Note 3)
BlackRock, Inc.	2,907,000 H Shares (short position) (Note 6)	Interest of a controlled corporation	0.22% (Note 3)
Artisan Partners Asset Management Inc.	65,320,500 H Shares (long position) (Note 7)	Interest of a controlled corporation	5.03% (Note 3)
Artisan Partners Holdings LP	65,320,500 H Shares (long position) (Note 7)	Interest of a controlled corporation	5.03% (Note 3)
Artisan Partners Limited Partnership	65,320,500 H Shares (long position) (Note 7)	Investment manager	5.03% (Note 3)

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.

8. Changes in Shares and Shareholders

- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares accordingly.
- (5) Based on the disclosure of interests form submitted by Citigroup Inc. on 27 June 2022 in respect of the relevant event that occurred on 22 June 2022, these shares were held through certain subsidiaries of Citigroup Inc.. Out of the 90,886,212 H Shares (long position), 5,571,862 shares were held in the capacity of interest of a controlled corporation. 85,314,350 shares (securities in lending pool) were held in the capacity of approved lending agent. 8,509,699 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (6) Based on the disclosure of interests form submitted by BlackRock, Inc. on 10 June 2022 in respect of the relevant event that occurred on 7 June 2022, these shares were held through certain subsidiaries of BlackRock, Inc. in the capacity of interest of a controlled corporation.
- (7) Based on the disclosure of interests forms submitted by Artisan Partners Asset Management Inc. (“APAM”), Artisan Partners Holdings LP (“AP Holdings”) and Artisan Partners Limited Partnership (“APLP”) respectively on 3 March 2022 in respect of the relevant event that occurred on 28 February 2022, these shares were held by APLP in the capacity of an investment manager. APLP is wholly owned by AP Holdings and AP Holdings is in turn wholly owned by APAM. Pursuant to the SFO, AP Holdings and APAM were deemed to have interests in the entire number of shares of the Company held by APLP.

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

8. Changes in Shares and Shareholders

(4) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

(6) CHANGES IN THE NUMBER OF SHARES OF THE COMPANY HELD BY CURRENT AND DEPARTED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Number of shares held as at 31 December 2021 (share)	Increase/decrease in number of shares during the Reporting Period (share)	Number of shares held as at 30 June 2022 (share)
Li Xiaobo	Deputy general manager	193,000	–	193,000
Liu Tiantian	Staff representative Supervisor	63,500	–	63,500
Ke Qiubi ^{Note}	Deputy general manager	210,445	–	210,445

Note: Mr. Ke Qiubi ceased to act as the deputy general manager of the Company since 1 April 2022.

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

8. Changes in Shares and Shareholders

(7) INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

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

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

(8) CORPORATE GOVERNANCE CODE

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

(9) MODEL CODE

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 as set out in Appendix 10 to the HKSE Listing Rules. Having made specific enquiries to all Directors by the Company, all Directors of the Company confirmed that they have complied with the required standards as set out in the Model Code and the Company’s code of conduct in relation to securities transactions by Directors during the Reporting Period.

8. Changes in Shares and Shareholders

(10) STAFF AND REMUNERATION

As of the end of the Reporting Period, there were 47,014 staff members under the employment of the Group with a total remuneration of approximately RMB4,241 million, which was the total amount of remuneration of staff for the Reporting Period.

During the Reporting Period, the Group implemented an annual remuneration system for its middle and senior management members whose annual salary was assessed with reference to production and sales volume, profitability, costs and other key indicators according to the tenure system and contractual management measures, while a position-based and performance-linked salary 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.

During the Reporting Period, based on the 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 capability of the cadres and enhance the professional skills of the staff. Leveraging on introduction of the external college and enterprise training resources, the headquarters of the Group provided professional trainings for the cadres and staff, thus effectively improving comprehensive ability in production, operation and management and continuously improving the construction of youth talent team. Efforts were made by each regional branch to strengthen trainings for middle management staff, so as to improve the professional management capability of the middle management staff. Meanwhile, the Group explored the construction of regional training center to centralize regional high-quality resources and conduct centralized training for different professional management personnel within the region, thereby establishing a more mature and complete training system. In light of the actual training needs, the Group's subsidiaries also provided daily training for staff from different functions and departments, so as to secure adequate reserve of human resources for stable production and effective management control. At the same time, the Group continued to innovate training methods, developed micro-courses, thereby enhancing the pertinence and effectiveness of the training and further improving the training system of the Company.

(11) CHANGE IN CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

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

9. Information on Bonds

(1) CORPORATE BONDS

1. General information on corporate bonds

Name of bonds	Abbreviation	Code	Issuance date	Value date	Maturity date
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02	122203	2012.11.7	2012.11.7	2022.11.6

Balance of Bonds (RMB billion)	Interest rate (%)	Mode of repayment of principal and Interest	Stock exchange	Trading mechanism	Whether the risk of termination of listing exists
3.499	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE	Bonds trading mechanism of SSE	No

2. Credit rating agency and rating tracking of corporate bonds

According to the credit rating notice (Xinpingweihanzi [2022] tracking No. 0329) and rating tracking report issued by China Chengxin International Credit Rating Co., Ltd. ("China Chengxin International") on 25 May 2022, by tracking and analyzing the credit rating of the Company and the Company's 2012 Corporate Bonds, and as considered and determined by the credit rating committee of China Chengxin International, China Chengxin International maintained the Company's subject credit rating of AAA with stable rating outlook, and also maintained the credit rating of its 2012 Corporate Bonds of AAA. The rating tracking report was published on the website of SSE on 25 May 2022.

9. Information on Bonds

3. Guarantee and debt repayment plan and other debt repayment assurance measures in relation to the corporate bonds of the Company during the Reporting Period

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2012 Corporate Bonds. As of 30 June 2022, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB5.196 billion, representing 7.21% of the unaudited net assets (excluding minority interests) of Conch Holdings as at 30 June 2022. The debt repayment plan for the 2012 Corporate Bonds issued by the Company is as follows:

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

During the Reporting Period, the Company strictly executed the aforesaid debt repayment plan, so as to protect the interests of the creditors of the Company.

9. Information on Bonds

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2012 Corporate Bonds of the Company, as at 30 June 2022 are as follows:

Items	30 June 2022
Net assets (RMB billion)	202.088
Gearing ratio (%)	29.88
Return on net assets (%)	5.15
Current ratio (%)	248.57
Quick ratio (%)	197.84

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

During the Reporting Period, in order to meet its operational and development needs, further broaden financing channels, reduce financing costs and optimize its debt structure, upon the approval of the Board and the general meeting of the Company, the Company applied to the National Association of Financial Market Institutional Investors of the PRC for registration of issuing medium-term notes of not more than RMB10 billion (inclusive). For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 16 June 2022 and 13 July 2022, respectively and announcements (Provisional 2022-25 and Provisional 2022-30) published by the Company on website of the SSE on 17 June 2022 and 14 July 2022 respectively. As at the date of the approval of this report, the registration of the medium-term notes had not completed.

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

9. Information on Bonds

(3) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD AND THE PREVIOUS YEAR (OR FOR THE REPORTING PERIOD AND THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR)

Major indicators	30 June 2022 (Unaudited)	31 December 2021	Change as at the end of the Reporting Period as compared to that at the end of the previous year (%)	Reason for the change
Current ratio (%)	325.18	378.30	Decreased by 53.12 percentage points	Decrease in the balance of current assets such as cash at bank and on hand and held-for-trading financial assets
Quick ratio (%)	291.01	348.02	Decreased by 57.01 percentage points	Decrease in the balance of current assets such as cash at bank and on hand and held-for-trading financial assets
Gearing ratio (%)	17.96	16.78	Increased by 1.17 percentage points	Increase in the balance of liabilities such as short- term borrowings and long- term borrowings

9. Information on Bonds

Major indicators	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)	Change of the Reporting Period from that of the corresponding period of the previous year (%)	Reason for the change
EBITDA interest coverage ratio	65.36	115.92	-43.62	Period-on-period decrease in profit before taxation and period-on-period increase in interest expenses
Interest payment ratio (%)	100	100	-	-
Loan repayment rate (%)	100	100	-	-
Net profit after extraordinary items attributable to equity shareholders of the Company (RMB'000)	9,298,520	14,021,393	-33.68	Period-on-period decrease in profit before taxation
EBITDA/total debts ratio	0.40	0.78	-49.11	Period-on-period decrease in profit before taxation and period-on-period increase in total liabilities
Interest coverage ratio	52.61	101.45	-48.14	Period-on-period decrease in profit before taxation and period-on-period increase in interest expenses
Cash interest coverage ratio	17.79	62.34	-71.47	Period-on-period decrease in net cash flows generated from operating activities and period-on-period increase in interest expenses

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit or loss

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi Yuan ("RMB"))

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

The notes on pages 109 to 156 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 20(b).

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit and loss and other comprehensive income

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(restated)
		(Note 3(b))
Profit for the period	10,300,464	15,401,787
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)	(1,805,159)	(56,156)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(38,521)	(100,675)
Shares of other comprehensive income of investees	19,725	(42,570)
Other comprehensive income for the period	(1,823,955)	(199,401)
Total comprehensive income for the period	8,476,509	15,202,386
Attributable to:		
Equity shareholders of the Company	8,071,082	14,816,734
Non-controlling interests	405,427	385,652
Total comprehensive income for the period	8,476,509	15,202,386

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position

at 30 June 2022 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Non-current assets			
Property, plant and equipment			
– Investment properties	9	74,739	76,357
– Other property, plant and equipment	10	86,027,658	80,997,147
Intangible assets		14,581,448	11,736,339
Goodwill		925,397	876,038
Interests in associates		3,922,910	3,528,022
Interests in joint ventures		2,202,030	2,034,682
Loans and receivables	11	342,807	451,367
Long-term prepayments	9	9,317,443	2,203,340
Financial assets measured at FVOCI	12	3,654,521	869,903
Financial assets measured at fair value through profit or loss (“FVPL”)	13	1,003,900	2,972,650
Deferred tax assets		990,487	758,062
		123,043,340	106,503,907
Current assets			
Inventories	14	11,077,945	9,896,172
Trade and bills receivables	15	12,129,130	14,582,378
Financial assets measured at FVPL	13	9,362,828	24,278,570
Prepayments and other receivables	16	6,566,362	4,902,624
Amounts due from related parties	23(d)	679,408	597,677
Tax recoverable		403,123	235,845
Restricted cash deposits		643,683	640,180
Bank deposits with maturity over three months		52,057,975	51,520,792
Cash and cash equivalents	17	12,990,138	17,397,537
		105,910,592	124,051,775

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Continued)

at 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Current liabilities			
Trade and bills payables	18	4,692,212	6,598,773
Other payables and accruals		8,764,547	10,737,566
Current portion of long-term payables		62,088	62,585
Contract liabilities		3,042,655	3,246,461
Bank loans and other borrowings	19	14,149,371	8,023,576
Lease liabilities		22,992	21,130
Amounts due to related parties	23(d)	629,207	420,853
Current taxation		1,057,800	3,565,616
		32,420,872	32,676,560
Net current assets			
		73,489,720	91,375,215
Total assets less current liabilities			
		196,533,060	197,879,122
Non-current liabilities			
Bank loans and other borrowings	19	6,356,768	3,747,695
Lease liabilities		52,950	49,647
Long-term payables		323,203	356,363
Deferred income		721,232	714,166
Deferred tax liabilities		1,339,944	1,272,365
		8,794,097	6,140,236
NET ASSETS			
		187,738,963	191,738,886

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Continued)

at 30 June 2022 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		173,711,288	178,302,281
Total equity attributable to equity shareholders of the Company		179,010,591	183,601,584
Non-controlling interests		8,728,372	8,137,302
TOTAL EQUITY		187,738,963	191,738,886

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021		5,299,303	10,418,351	239,054	(215,980)	2,649,654	210,483	24,725	143,402,155	162,027,745	6,433,974	168,461,719
Business combination under common control		-	21,668	-	-	-	-	-	1,971	23,639	8,993	32,632
Balance at 1 January 2021, as restated		5,299,303	10,440,019	239,054	(215,980)	2,649,654	210,483	24,725	143,404,126	162,051,384	6,442,967	168,494,351
Changes in equity for the six months ended 30 June 2021:												
Profit for the period		-	-	-	-	-	-	-	14,983,974	14,983,974	417,813	15,401,787
Other comprehensive income		-	-	-	(68,514)	-	(56,156)	(42,570)	-	(167,240)	(32,161)	(199,401)
Total comprehensive income		-	-	-	(68,514)	-	(56,156)	(42,570)	14,983,974	14,816,734	385,652	15,202,386
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(547,285)	(547,285)
Dividends approved in respect of the previous year	20(b)	-	-	-	-	-	-	-	(11,234,521)	(11,234,521)	-	(11,234,521)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	78,500	78,500
Acquisition of subsidiary with non-controlling interests		-	(29,572)	-	-	-	-	-	-	(29,572)	9,283	(20,289)
Share of change of capital reserve of the investees		-	-	6,264	-	-	-	-	-	6,264	-	6,264
Balance at 30 June 2021, as restated		5,299,303	10,410,447	245,318	(284,494)	2,649,654	154,327	(17,845)	147,153,579	165,610,289	6,369,117	171,979,406

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
							reserve (non- recycling) RMB'000					
Balance at 30 June 2021 and												
1 July 2021, as restated		5,299,303	10,410,447	245,318	(284,494)	2,649,654	154,327	(17,845)	147,153,579	165,610,289	6,369,117	171,979,406
Changes in equity for the six months ended 31 December 2021:												
Profit for the period		-	-	-	-	-	-	-	18,317,207	18,317,207	480,938	18,798,145
Other comprehensive income		-	-	-	5,656	-	113,472	(29,008)	-	90,120	(899)	89,221
Total comprehensive income		-	-	-	5,656	-	113,472	(29,008)	18,317,207	18,407,327	480,039	18,887,366
Acquisition of subsidiaries under common control		-	(443,211)	-	-	-	-	-	-	(443,211)	-	(443,211)
Dividends declared by subsidiaries under common control		-	-	-	-	-	-	-	(51,166)	(51,166)	-	(51,166)
Dividends declared by non-wholly owned subsidiaries to non- controlling shareholders		-	-	-	-	-	-	-	-	-	(63,512)	(63,512)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	-	985,380	985,380
Acquisition of non-controlling interests without a change of control		-	23,149	-	-	-	-	-	-	23,149	(91,135)	(67,986)
Acquisition of subsidiaries with non- controlling interests		-	-	-	-	-	-	-	-	-	457,413	457,413
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	-	(17,726)	-	17,726	-	-	-
Share of change of capital reserve of the investees		-	-	55,196	-	-	-	-	-	55,196	-	55,196
Balance at 31 December 2021		5,299,303	9,990,385	300,514	(278,838)	2,649,654	250,073	(46,853)	165,437,346	183,601,584	8,137,302	191,738,886

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value		Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
							reserve (non- recycling) RMB'000	Share of other comprehensive income of investees RMB'000				
Balance at 1 January 2022		5,299,303	9,990,385	300,514	(278,838)	2,649,654	250,073	(46,853)	165,437,346	183,601,584	8,137,302	191,738,886
Changes in equity for the six months ended 30 June 2022:												
Profit for the period		-	-	-	-	-	-	-	9,970,554	9,970,554	329,910	10,300,464
Other comprehensive income		-	-	-	(114,038)	-	(1,805,159)	19,725	-	(1,899,472)	75,517	(1,823,955)
Total comprehensive income		-	-	-	(114,038)	-	(1,805,159)	19,725	9,970,554	8,071,082	405,427	8,476,509
Acquisition of subsidiaries under common control	3(b)	-	(53,383)	-	-	-	-	-	-	(53,383)	-	(53,383)
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(374,772)	(374,772)
Dividends approved in respect of the previous year	20(b)	-	-	-	-	-	-	-	(12,612,340)	(12,612,340)	-	(12,612,340)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	430,566	430,566
Acquisition of non-controlling interests without a change of control		-	(4,834)	-	-	-	-	-	-	(4,834)	(85,347)	(90,181)
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	-	215,196	215,196
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	-	(24,139)	-	24,139	-	-	-
Share of change of capital reserve of the investees		-	-	8,482	-	-	-	-	-	8,482	-	8,482
Balance at 30 June 2022		5,299,303	9,932,168	308,996	(392,876)	2,649,654	(1,579,225)	(27,128)	162,819,699	179,010,591	8,728,372	187,738,963

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Operating activities		
Cash generated from operations	9,951,414	18,480,288
– Income tax paid	(5,483,066)	(6,139,252)
– Interest paid	(138,085)	(90,271)
Net cash generated from operating activities	4,330,263	12,250,765
Investing activities		
Payments for purchase of property, plant and equipment, land use rights and intangible assets	(16,721,030)	(5,953,891)
Proceeds from sale of financial assets measured at FVPL	18,194,161	11,392,720
Payment for the purchase of financial assets measured at FVOCI	(4,773,089)	–
Proceeds from maturity of bank deposits over three months	2,357,792	8,152,306
Payments of new bank deposits with maturity over three months	(2,894,975)	(12,903,376)
Payment for the purchase of financial assets measured at FVPL	(1,088,154)	(11,905,000)
Interest received	838,469	1,287,733
Payment for acquisitions of subsidiaries	(1,491,450)	(45,669)
New advances to third party	(350,000)	–
Other cash flows arising from investing activities	(80,545)	62,570
Net cash used in investing activities	(6,008,821)	(9,912,607)

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement (Continued)

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Financing activities		
Capital element and interest element of lease rentals paid	(20,495)	(7,873)
Proceeds from new bank loans and other borrowings	12,441,779	1,424,810
Repayments of bank loans and other borrowings	(2,141,058)	(1,562,399)
Dividends paid to equity shareholders of the Company	(12,610,413)	(11,229,755)
Dividends paid to non-controlling interests of subsidiaries	(374,772)	(542,906)
Capital contribution from non-controlling interests	430,566	78,500
Payment for acquisition of companies under common control	(53,383)	–
Repayment to former shareholder of subsidiaries related to business combination	(405,571)	–
Other cash flow used in financing activities	(90,181)	(25,289)
Net cash used in financing activities	(2,823,528)	(11,864,912)
Net decrease in cash and cash equivalents	(4,502,086)	(9,526,754)
Effect of foreign exchange rate changes	94,687	(29,522)
Cash and cash equivalents at 1 January	17,397,537	16,811,261
Cash and cash equivalents at 30 June	12,990,138	7,254,985

The notes on pages 109 to 156 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

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

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

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

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION

(a) Business combination not under common control

During the six months ended 30 June 2022, the Group entered into several share purchase agreements to acquire equity interest of below subsidiaries from third parties. Details of the acquired subsidiaries are as follows:

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities
Changsha Yongyun building materials Co., Ltd (“Yongyun Building Materials”) 長沙永運建材有限公司	100%/100% (note (i))	8 April 2022	Manufacture and sale of concrete
Changde Dingxing concrete products Co., Ltd (“Changde Dingxing”) 常德頂興混凝土製品有限公司	100%/100%	1 April 2022	Manufacture and sale of concrete
Chongqing Duoqi renewable resources Co., Ltd (“Chongqing Duoqi”) 重慶市多吉再生資源有限公司	51%/51%	21 April 2022	Manufacture and sale of clinker and cement products
Naiman Hongji Cement Co., Ltd (“Hongji Cement”) 奈曼旗宏基水泥有限公司	80%/80%	30 April 2022	Manufacture and sale of clinker and cement products

- (i) This company is acquired by the non-wholly owned subsidiary of the Group. The interest here represents the ownership interest directly acquired by the non-wholly owned subsidiary.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

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

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

Identifiable assets acquired and liabilities assumed at the acquisition date:

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

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

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

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

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

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

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

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

Had the acquisitions occurred on 1 January 2022, management estimates that the consolidated revenue of the Group for the six months ended 30 June 2022 would have been RMB56,332,080,000 and the consolidated net profit for the six months would have been RMB10,263,406,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would remain the same as if the acquisition had occurred on 1 January 2022.

(b) Business combination under common control

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

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities	Total cash consideration RMB'000
Anhui Jinggong testing and Inspection Co., Ltd ("Jinggong Testing") 安徽精公檢測檢驗中心 有限公司	100%/100%	1 April 2022	Environmental testing and inspection	30,540
Shanghai Zhizhi Technology Co., Ltd ("Shanghai Zhizhi") 上海智質科技有限公司	55%/55%	1 April 2022	Intelligent engineering construction	22,843

As Jinggong Testing and Shanghai Zhizhi and the Group are under common control of Anhui Conch Holding Co., Ltd. 安徽海螺集團有限責任公司 ("Conch Holdings") before and after the business combination and the control is not transitory, the acquisition of Jinggong Testing and Shanghai Zhizhi was considered as a business combination involving entities under common control.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

The financial performance previously reported by the Group for the six months ended 30 June 2021 have been restated to include the operating results of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

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

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Current liabilities					
Trade and bills payables	6,598,895	-	42	(164)	6,598,773
Other payables and accruals	10,737,154	1,573	250	(1,411)	10,737,566
Current portion of long-term payables	62,585	-	-	-	62,585
Contract liabilities	3,246,413	48	-	-	3,246,461
Bank loans and other borrowings	8,023,576	-	-	-	8,023,576
Lease liabilities	20,081	-	1,049	-	21,130
Amounts due to related parties	415,418	-	4,132	1,303	420,853
Current taxation	3,564,888	397	331	-	3,565,616
	32,669,010	2,018	5,804	(272)	32,676,560
Net current assets	91,349,373	8,879	16,963	-	91,375,215
Total assets less current liabilities	197,845,654	15,661	23,394	(5,587)	197,879,122

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

	The Group RMB'000 (as previously reported)	Jinggong Testing RMB'000	Shanghai Zhizhi RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Non-current liabilities					
Bank loans and other borrowings	3,747,695	-	-	-	3,747,695
Lease liabilities	47,229	-	2,418	-	49,647
Long-term payables	356,363	-	-	-	356,363
Deferred income	714,166	-	-	-	714,166
Deferred tax liabilities	1,272,365	-	-	-	1,272,365
	6,137,818	-	2,418	-	6,140,236
NET ASSETS	191,707,836	15,661	20,976	(5,587)	191,738,886
CAPITAL AND RESERVES					
Share capital	5,299,303	8,000	20,000	(28,000)	5,299,303
Reserves	178,278,156	7,661	976	15,488	178,302,281
Total equity attributable to equity shareholders of the Company	183,577,459	15,661	20,976	(12,512)	183,601,584
Non-controlling interests	8,130,377	-	-	6,925	8,137,302
TOTAL EQUITY	191,707,836	15,661	20,976	(5,587)	191,738,886

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 BUSINESS COMBINATION (CONTINUED)

(b) Business combination under common control (continued)

The cash flows previously reported by the Group for the six months ended 30 June 2021 have been restated to include the cash flows of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

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

Note (i): On 30 August 2021, the Group entered into the acquisition agreement with Anhui Conch Investment Co., Ltd. 安徽海螺投資有限責任公司 (“Conch Investment”), pursuant to which, the Group has agreed to purchase, and Conch Investment has agreed to sell, the entire equity interest in New Energy Group. As New Energy Group and the Group are under common control of Conch Holdings before and after the business combination and the control is not transitory, the acquisition of New Energy Group was considered as a business combination involving entities under common control.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(restated)
		(Note 3(b))
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Sales and trading of clinker and cement products	47,052,551	69,432,128
– Sales and trading of other materials	7,919,513	10,566,692
– Service income	1,303,685	465,219
	56,275,749	80,464,039

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

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

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

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

For the six months ended 30 June 2022

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales and trading of clinker and cement products	14,153,760	14,144,807	8,271,773	8,703,170	1,779,041	47,052,551	-	47,052,551
Sales and trading of other materials	730,116	3,845,004	593,528	2,506,630	244,235	7,919,513	-	7,919,513
Service income	367,169	908,772	10,284	8,398	9,062	1,303,685	-	1,303,685
Revenue from external customers	15,251,045	18,898,583	8,875,585	11,218,198	2,032,338	56,275,749	-	56,275,749
Disaggregated by timing of revenue recognition								
Point in time	15,250,759	18,859,520	8,875,449	11,217,678	2,023,276	56,226,682	-	56,226,682
Over time	286	39,063	136	520	9,062	49,067	-	49,067
Revenue from external customers	15,251,045	18,898,583	8,875,585	11,218,198	2,032,338	56,275,749	-	56,275,749
Inter-segment revenue	2,363,752	16,210,870	120,902	661,127	99,184	19,455,835	(19,455,835)	-
Reportable segment revenue	17,614,797	35,109,453	8,996,487	11,879,325	2,131,522	75,731,584	(19,455,835)	56,275,749
Reportable segment profit (profit before taxation)	1,672,302	9,209,977*	1,485,036	1,354,164	402,442	14,123,921	(1,148,014)	12,975,907
Interest income	7,523	1,274,061	7,799	21,605	3,178	1,314,166	(145,329)	1,168,837
Interest expense	(12,090)	(163,893)	(64,216)	(35,956)	(99,983)	(376,138)	134,268	(241,870)
Depreciation and amortisation for the period	(251,358)	(1,283,217)	(559,533)	(883,808)	(233,251)	(3,211,167)	9,894	(3,201,273)
Reportable segment assets (including interests in associates and joint ventures)	11,605,732	185,811,536	31,280,744	25,789,584	16,300,798	270,788,394	(41,834,462)	228,953,932
Investments in associates and joint ventures	-	2,672,232	-	3,290,888	161,820	6,124,940	-	6,124,940
Additions to non-current segment assets during the period	490,906	7,073,115	7,344,151	2,900,743	539,236	18,348,151	-	18,348,151
Reportable segment liabilities	2,901,716	20,208,915	12,200,928	6,495,678	13,339,766	55,147,003	(14,033,509)	41,113,494

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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

For the six months ended 30 June 2021 (restated)

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales and trading of clinker and cement products	23,640,099	21,303,178	10,567,553	12,482,906	1,438,392	69,432,128	-	69,432,128
Sales and trading of other materials	5,306,494	1,876,408	903,008	2,451,720	29,062	10,566,692	-	10,566,692
Service Income	383,532	43,304	5,638	22,421	10,324	465,219	-	465,219
Revenue from external customers	29,330,125	23,222,890	11,476,199	14,957,047	1,477,778	80,464,039	-	80,464,039
Disaggregated by timing of revenue recognition								
Point in time	29,329,286	23,203,328	11,475,961	14,956,297	1,467,454	80,432,326	-	80,432,326
Over time	839	19,562	238	750	10,324	31,713	-	31,713
Revenue from external customers	29,330,125	23,222,890	11,476,199	14,957,047	1,477,778	80,464,039	-	80,464,039
Inter-segment revenue	2,200,966	14,865,685	381,654	232,979	93,009	17,774,293	(17,774,293)	-
Reportable segment revenue	31,531,091	38,088,575	11,857,853	15,190,026	1,570,787	98,238,332	(17,774,293)	80,464,039
Reportable segment profit (profit before taxation)								
	2,664,584	17,402,548*	2,983,948	2,137,418	(83,836)	25,104,662	(5,220,043)	19,884,619
Interest income	7,760	1,221,558	7,811	15,307	5,001	1,257,437	(119,902)	1,137,535
Interest expense	(39,085)	(117,222)	(22,256)	(47,832)	(96,656)	(323,051)	125,147	(197,904)
Depreciation and amortisation for the period	(244,758)	(1,165,500)	(460,767)	(782,149)	(222,230)	(2,875,404)	9,752	(2,865,652)
Reportable segment assets (including interests in associates and joint ventures)								
	16,238,021	187,522,714	23,182,900	28,414,636	12,925,484	268,283,755	(67,342,808)	200,940,947
Investments in associates and joint ventures	-	1,742,656	-	2,478,544	196,207	4,417,407	-	4,417,407
Additions to non-current segment assets during the period	203,300	3,717,923	705,426	814,710	193,332	5,634,691	-	5,634,691
Reportable segment liabilities	9,519,642	31,469,965	9,249,423	12,567,162	9,767,759	72,573,951	(43,331,628)	29,242,323

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

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4 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note3(b))
Revenue		
Reportable segment revenue	75,731,584	98,238,332
Inter-segment revenue	(19,455,835)	(17,774,293)
Consolidated revenue	56,275,749	80,464,039
Profit		
Reportable segment profit (profit before taxation)	14,123,921	25,104,662
Inter-segment profit	1,148,014	(5,220,043)
Differences between CAS and IFRS*	138,632	17,837
Consolidated profit before taxation	13,114,539	19,902,456
Assets		
Reportable segment assets	270,788,394	268,283,755
Inter-segment assets	(41,834,462)	(67,342,808)
Consolidated total assets	228,953,932	200,940,947
Liabilities		
Reportable segment liabilities	55,147,003	72,573,951
Inter-segment liabilities	(14,033,509)	(43,331,628)
Difference between CAS and IFRS	101,475	136,073
Consolidated total liabilities	41,214,969	29,378,396

10. Financial Accounting Report (Unaudited)

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5 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Interest income on financial assets measured at amortised cost	1,168,837	1,137,535
Subsidy income*	822,085	1,071,826
Investment income on wealth management products	225,819	388,181
Net (loss)/gain on disposal of property, plant and equipment	(38,336)	40,199
Net realised and unrealised gain on financial assets measured at FVPL	27,261	201,611
Dividend income from financial assets measured at FVOCI	146,372	624
Net exchange gain/(loss)	19,054	(398,097)
Gain arising from bargain purchase	8,723	–
Others	(78,682)	25,435
	2,301,133	2,467,314

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

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Interest on bank loans and other borrowings	239,665	168,995
Interest on long-term payables	9,597	27,580
Interest on lease liabilities	1,966	1,329
Less: interest expense capitalised into construction-in-progress*	(9,358)	–
	241,870	197,904

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

10. Financial Accounting Report (Unaudited)

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6 PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs:

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

(c) Other items:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Depreciation of investment property and other property, plant and equipment	2,931,468	2,687,735
Amortisation of intangible assets	269,805	177,917
Cost of inventories*	38,890,746	57,517,970

* Cost of inventories includes RMB4,420,161,000 (six months ended 30 June 2021: RMB4,117,986,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

10. Financial Accounting Report (Unaudited)

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7 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

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

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

10. Financial Accounting Report (Unaudited)

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7 INCOME TAX (CONTINUED)

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

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%
Linxia Conch Cement Co., Ltd. ("Linxia Conch") 臨夏海螺水泥有限責任公司 (Note (i))	15%
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 Liukuangruian Cement Co., Ltd. ("Liukuangruian") 貴州六礦瑞安水泥有限公司 (Note (i))	15%

10. Financial Accounting Report (Unaudited)

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7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
Qianxian Conch Cement Co., Ltd. ("Qianxian Conch") 乾縣海螺水泥有限責任公司 (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 Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. ("Jinlinghe") 寶雞眾喜金陵河水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Lingyun Tonghong") 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. ("Hami Construction") 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%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. ("Fenghuang Construction") 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%
Zunyi Haihui New Materials Co., Ltd. ("Zunyi Haihui") 遵義海匯新材料有限責任公司 (Note (i))	15%
Basu Conch Cement Co., Ltd. ("Basu Conch") 八宿海螺水泥有限責任公司 (Note (i))	15%

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7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
Hongji Cement (note (i)) 奈曼旗宏基水泥有限公司	15%
Chongqing Duoji (note(i)) 重慶多吉再生資源有限公司	15%
Tongchuan Conch New Material Co., Ltd. ("Tongchuan New Material") 銅川海螺新材料有限責任公司 (Note (i))	15%
Bazhong Conch Construction Co., Ltd. ("Bazhong Constructuion") 巴中海螺建材有限責任公司 (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. ("Conch Construction") 安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") 安徽海螺暹羅耐火材料有限公司 (Note (ii))	15%
Jingong Testing 安徽精公檢測檢驗中心有限公司 (Note(ii))	15%
Quanjiao Conch New Energy ("Quanjiao New Energy") 全椒海螺新能源有限公司 (Note (iii))	20%
Huai'an Conch New Energy Co., Ltd. ("Huai'an New Energy") 淮安海螺新能源有限公司 (Note (iii))	20%
Xing'an Conch New Energy Co., Ltd. ("Xing'an New Energy") 興安海螺新能源有限公司 (Note (iii))	20%
Shuangfeng Conch New Energy Co., Ltd. ("Shuangfeng New Energy") 雙峰海螺新能源有限公司 (Note (iii))	20%
Qiyang Conch New Energy Co., Ltd. ("Qiyang New Energy") 祁陽海螺新能源有限公司 (Note (iii))	20%
Nantong Haimen Conch New Energy Co., Ltd. ("Nantong New Energy") 南通海門海螺新能源有限公司 (Note (iii))	20%
Linxia Conch New Energy Co., Ltd. ("Linxia New Energy") 臨夏海螺新能源有限公司 (Note (iii))	20%
Yingjiang Conch New Energy Co., Ltd. ("Yingjiang New Energy") 盈江海螺新能源有限公司 (Note (iii))	20%

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
Jiangmen Conch New Energy Co., Ltd. (“Jiangmen New Energy”) 江門海螺新能源有限公司 (Note (iii))	20%
Huai'an Conch Green Energy Co., Ltd. (“Huai'an Green Energy”) 淮安海螺綠色能源科技有限公司 (Note (iii))	20%
Pingliang Conch New New Energy Co., Ltd. (“Pingliang New Energy”) 平涼海螺新能源有限公司 (Note (iii))	20%
Zhenjiang Beigu Conch New Energy Co., Ltd. (“Beigu New Energy”) 鎮江北固海螺新能源有限公司 (Note (iii))	20%
Wenshan Conch New Energy Co., Ltd. (“Wenshan New Energy”) 文山海螺新能源有限公司 (Note (iii))	20%
Suzhou Huayang New Energy Co., Ltd. (“Huayang New Energy”) 宿州市華陽新能源有限公司 (Note (iv))	12.5%
Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd (Yuexing Environment Protection) 內蒙古躍興環保科技有限公司 (Note (iv))	0%
Huaining Conch New Energy Co., Ltd (Huaining New Energy) 懷寧海螺新能源有限公司 (Note(iv))	0%
Fengyang Conch Photovoltaic Technology Co., Ltd (Fengyang Photovoltaic) 鳳陽海螺光伏科技有限公司 (Note(iv))	0%
Huaibei Conch New Energy Co., Ltd (Huaibei New Energy) 淮北海螺新能源有限公司 (Note(iv))	0%
Liuan Conch New Energy Co., Ltd (Liuan New Energy) 六安海螺新能源有限公司 (Note(iv))	0%
Bengbu Conch New Energy Co., Ltd (Bengbu New Energy) 蚌埠海螺新能源有限公司 (Note(iv))	0%
Xiangshan Conch New Energy Technology Co., Ltd (Xiangshan New Energy) 象山海螺新能源科技有限公司(Note(iv))	0%
Ninghai Conch New Energy Technology Co., Ltd (Ninghai New Energy) 寧海海螺新能源科技有限公司 (Note(iv))	0%
Leqing Conch New Energy Co., Ltd(Leqing New Energy) 樂清海螺新能源有限公司 (Note(iv))	0%

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
Taizhou Conch New Energy Co., Ltd (Taizhou New Energy) 台州海螺新能源有限公司 (Note(iv))	0%
Shaoxing Shangyu Conch New Energy Co., Ltd (Shaoxing New Energy) 紹興上虞海螺新能源有限公司 (Note(iv))	0%
Hainan Changjiang Conch New Energy Co., Ltd (Changjiang New Energy) 海南昌江海螺新能源有限公司 (Note(iv))	0%
Zhanjiang Conch New Energy Co., Ltd (Zhanjiang New Energy) 湛江海螺新能源有限公司 (Note(iv))	0%
Longan Conch New Energy Co., Ltd (Longan New Energy) 隆安海螺新能源有限公司 (Note(iv))	0%
Xingye Conch New Energy Co., Ltd (Xingye New Energy) 興業海螺新能源有限公司 (Note(iv))	0%
Beiliu Conch New Energy Co., Ltd (Beiliu New Energy) 北流海螺新能源有限公司 (Note(iv))	0%
Shimen Conch New Energy Co., Ltd (Shimen New Energy) 石門海螺新能源有限公司 (Note(iv))	0%
Lianyuan Conch New Energy Co., Ltd (Lianyuan New Energy) 漣源海螺新能源有限公司 (Note(iv))	0%
Yiyang Conch New Energy Co., Ltd (Yiyang New Energy) 益陽海螺新能源有限公司 (Note(iv))	0%
Shaoyang Conch New Energy Co., Ltd (Shaoyang New Energy) 邵陽海螺新能源有限公司 (Note(iv))	0%
Linxiang Conch New Energy Co., Ltd (Linxiang New Energy) 臨湘海螺新能源有限公司 (Note(iv))	0%
Wugang Conch New Energy Co., Ltd (Wugang New Energy) 武岡海螺新能源有限公司 (Note(iv))	0%
Taizhou Yangwan Conch New Energy Co., Ltd (Yangwan New Energy) 泰州揚灣海螺新能源有限公司 (Note(iv))	0%
Maanshan Conch New Energy Co., Ltd (Maanshan New Energy) 馬鞍山海螺新能源有限公司 (Note(iv))	0%
Yangzhou Conch New Energy Co., Ltd (Yangzhou New Energy) 揚州海螺新能源有限公司 (Note(iv))	0%

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
Nantong Conch New Energy Technology Co., Ltd (Nantong New Energy Technology) 南通海螺新能源科技有限公司 (Note(iv))	0%
Taicang Conch New Energy Co., Ltd (Taicang New Energy) 太倉海螺新能源有限公司 (Note(iv))	0%
Jinxian Conch New Energy Co., Ltd (Jinxian New Energy) 進賢海螺新能源有限公司 (Note(iv))	0%
Nanchang Conch New Energy Co., Ltd (Nanchang New Energy) 南昌海螺新能源有限公司 (Note(iv))	0%
Qianxian Conch New Energy Co., Ltd (Qianxian New Energy) 乾縣海螺新能源有限公司 (Note (iv))	0%
Liangping Conch New Energy Co., Ltd (Liangping New Energy) 梁平海螺新能源有限公司 (Note (iv))	0%
Guiyang Conch New Energy Co., Ltd (Guiyang New Energy) 貴陽海螺新能源有限公司 (Note (iv))	0%
Liupan Conch New Energy Co., Ltd (Liupan New Energy) 六盤海螺新能源有限公司 (Note (iv))	0%

Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission of PRC on 23 April 2020 and relevant local tax authorities' notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise.

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

Refractory Material has obtained a renewed high and new technology enterprise certification in September 2019. Accordingly, it is entitled to a preferential income tax rate of 15% from September 2019 to August 2022. Refractory Material is expected to renew its high and new technology enterprise certification in September 2022.

Jinggong Testing has obtained a high and new technology enterprise certification in September 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to August 2024.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Notes:(continued)

- (iii) According to Caishui [2022] No. 13, “The Announcement of Further Implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise” issued by Ministry of Finance of the PRC and the State Administration of Taxation of PRC on 14 March, 2022, the small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%; And according to Caishui [2021] No. 12, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 is entitled to a preferential tax treatment of 50% exemption of income tax on the basis of paragraph 2 of the “Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises” (Caishui [2019] No. 13).
- (iv) According to Article 27 of the Law of the PRC on Enterprise Income, the income from investment and operation of public infrastructure projects supported by the state can enjoy preferential tax policy. As further explained by Article 87 of Regulations on the Implementation of Enterprise Income Tax, the public infrastructure projects supported by the state refers to the ports, airports, railways, highways, urban public transportation, electric power, water conservancy and other projects stipulated in the Catalogue of Enterprise Income Tax Preferential for Public Infrastructure Projects. The preferential policy allows full exemption from PRC income tax for the first three years starting from the first year of production and operation and 50% of the standard tax rates for the following three years.

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

Subsidiaries' Name	Tax rates
Conch International Holding (HK) Co., Ltd. (“Conch International”), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. (“Luangprabang Conch”) a subsidiary in Laos	35%
Vientiane Conch Cement CO., Ltd. (“Vientian Conch”) a subsidiary in Laos	35%
Conch Cement Volga Limited Liability Company (“Volga Conch”), a subsidiary in Russia	20%
Conch KT Cement (Phnom Penh) Company Limited (“Phnom Penh Conch”), a subsidiary in Cambodia	20%
PT Conch Cement Indonesia (“Indonesia Conch”) a subsidiary in Indonesia	22%

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX (CONTINUED)

Subsidiaries' Name	Tax rates
PT Conch South Kalimantan Cement ("Indonesia South Conch") a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine ("South Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia ("Maros Conch") a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia ("Barru Conch") a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement ("North Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement ("West Kalimantan Conch") a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd. ("Tonga Mining") a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd. ("Beisu Mining") a subsidiary in Indonesia	22%
Battambang Conch Cement Company Limited ("Battambang Conch"), a subsidiary in Cambodia (note (i))	0%
Qarshi Conch Cement Limited Liability Company ("Qarshi Conch"), a subsidiary in Uzbekistan	15%
Tashkent Cement Conch Joint Venture Co., Ltd. ("Tashkent Conch"), a subsidiary in Uzbekistan	15%

Note:

- (i) Battambang Conch was accredited as a Qualified Investment Project by the Cambodian Development Council in April 2016. According to local investment laws, it can enjoy income tax exemption for 9 years from the year when the company generates its revenue and income tax exemption for 6 years from the year when the company generates its profit, whichever is shorter. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

9 INVESTMENT PROPERTIES AND LONG-TERM PREPAYMENTS

(a) Investment properties

During the six months ended 30 June 2022, the Group did not lease out any properties (six months ended 30 June 2021: two properties with a carrying value of RMB5,554,000 under operating lease and classified the properties as investment properties accordingly).

During the six months ended 30 June 2022, the Group did not transfer any investment properties to other property, plant and equipment (six months ended 30 June 2021: RMB4,134,000).

The rental income earned by the Group from its investment properties during the six months ended 30 June 2022 and 2021 was immaterial.

(b) Long-term prepayments

During the six months ended 30 June 2022, the addition of long-term prepayments are mainly attributed to the prepayments for acquisition of limestone mining rights and machinery.

10 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for use of land, office buildings, and therefore recognised additions of right-of-use assets of RMB262,476,000 (six months ended 30 June 2021: RMB123,070,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with a cost of RMB7,963,129,000 (six months ended 30 June 2021: RMB4,219,851,000).

Items of property, plant and equipment with a carrying amount of RMB126,646,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB129,381,000), resulting in a net loss on disposal of RMB42,158,000 (six months ended 30 June 2021: a net gain on disposal of RMB33,266,000).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

11 LOANS AND RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Loans and receivables	603,736	637,946
Less: Current portion of non-current loans and receivables (note 16)	(260,929)	(186,579)
	342,807	451,367

As at 30 June 2022, loans and receivables of the Group mainly represent advances made to local government authorities and loans to related parties.

12 FINANCIAL ASSETS MEASURED AT FVOCI

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non- trading purpose)	(i)	3,582,745	798,127
– Unlisted equity investment (Non- trading purpose)	(ii)	71,776	71,776
		3,654,521	869,903

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

12 FINANCIAL ASSETS MEASURED AT FVOCI (CONTINUED)

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, China Conch Environment Protection Holding Limited (“Conch Environment”) 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 30 June 2022 and 31 December 2021.

Note (ii): As at 30 June 2022, the fair value of the unlisted equity investment is approximately the same as its cost.

13 FINANCIAL ASSETS MEASURED AT FVPL

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Current Financial assets measured at FVPL			
Wealth management products	(i)	7,751,885	12,276,660
Structured deposits	(i)	59,045	11,185,239
Listed equity securities at FVPL	(ii)	1,551,898	816,671
		9,362,828	24,278,570
Non-current Financial assets measured at FVPL			
Wealth management products	(i)	1,003,900	2,972,650
		1,003,900	2,972,650

Note (i): As at 30 June 2022, the balance represents investments in short-term wealth management products, long-term wealth management products and structured deposits. The principal amounts of these products are RMB8,459,000,000 (2021: RMB25,907,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 30 June 2022 as their contractual cash flows are not solely payments of principal and interest.

Note (ii): Financial assets measured at FVPL – listed equity securities held by the Group are shares in Gansu Shangfeng Cement Co., Ltd., Jilin Yatai (Group) Co., Ltd and Xinjiang Tianshan Cement Co., Ltd which are listed on the SSE. These listed equity securities are held for trading purpose. The fair values of these investments are measured with reference to the respective quoted market prices as at 30 June 2022.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Raw materials	5,187,435	4,200,670
Work in progress	259,833	351,245
Finished goods	4,787,017	4,578,170
Spare parts	843,660	766,087
	11,077,945	9,896,172

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June 2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Carrying amount of inventories sold	38,890,746	57,517,970

All of the inventories are expected to be recovered within one year.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

15 TRADE AND BILLS RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Trade debtors	2,593,979	2,402,872
Less: Credit loss allowance	(48,692)	(37,077)
	2,545,287	2,365,795
Bank acceptance notes receivable, carried at amortised cost	6,203,055	7,968,386
Commercial acceptance notes receivable, carried at amortised cost	22,400	20,366
Bank acceptance notes receivable, carried at FVOCI	3,358,388	4,227,831
	12,129,130	14,582,378

(a) Ageing analysis

The following ageing analysis of trade debtors (net of loss allowance) are based on invoice date as of the statement of financial position date:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Within 1 year	2,515,584	2,345,025
1 to 2 years	29,703	20,770
	2,545,287	2,365,795

Trade debtors are due within 30 to 60 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 receivable are due within 1 year from the date of issuance.

10. Financial Accounting Report (Unaudited)

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15 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Endorsed and discounted bank acceptance notes and commercial acceptance notes

As at 30 June 2022, the Group endorsed the undue bank acceptance notes receivable of RMB3,582,842,000 (2021: RMB8,864,148,000) to its suppliers to settle trade payables of the same amounts and derecognised these bank acceptance notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 30 June 2022, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB3,582,842,000 (2021: RMB8,864,148,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable will be 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 30 June 2022, undue bank acceptance notes receivable of RMB436,541,000 (2021: RMB1,893,635,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

As at 30 June 2022, undue bank acceptance notes receivable of RMB2,058,654,000 (2021: RMB1,594,946,000) discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loan was recognised accordingly. All these undue bank acceptance notes receivable were due within 1 year.

(c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB3,358,388,000 (2021: RMB4,227,831,000) as bank acceptance notes receivable carried at FVOCI.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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16 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Purchase prepayments	1,825,157	1,155,229
Current portion of loans and receivables (note 11)	260,929	186,579
Value-added tax recoverable and other tax prepayment	530,155	571,384
Other receivables	3,950,121	2,989,432
	6,566,362	4,902,624

All of the prepayments and other receivables are expected to be recovered within one year.

17 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Cash at bank and on hand	12,989,804	17,222,671
Other cash and cash equivalents	334	174,866
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	12,990,138	17,397,537

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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18 TRADE AND BILLS PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Trade payables	4,491,512	6,535,773
Bills payables	200,700	63,000
	4,692,212	6,598,773

(a) Ageing analysis

The following ageing analysis of trade payables are based on invoice date as of the statement of financial position date:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Within 1 year (inclusive)	4,491,512	6,535,773
	4,491,512	6,535,773

Bills payables are due within 1 year from the date of issuance.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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19 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current bank loans and other borrowings		
Bank loans		
– unsecured	8,571,564	2,848,822
– secured	29,376	81,100
– bills discounted	2,049,549	1,594,946
Unsecured debentures	3,498,882	3,498,708
	14,149,371	8,023,576
Non-current bank loans and other borrowings		
Bank loans		
– unsecured	5,551,229	3,677,588
– secured	805,539	70,107
	6,356,768	3,747,695

In November 2012, the Company issued corporate bonds with an aggregate principal amount of RMB3,500,000,000 with a maturity period of 10 years (“10-year bond”). The 10-year bond carried fixed annual interest rate of 5.10%, which is paid annually.

The Company repurchased a principal amount of RMB1,000,000 of 10-year bond on 7 November 2019. The remaining principal amount of the 10-year bond will be fully repayable on 7 November 2022.

Conch Holdings provides unconditional and irrevocable joint liability guarantee for the above corporate bonds over the respective maturity period.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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19 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

At 30 June 2022 and 31 December 2021, the bank loans and other borrowings were repayable as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year or on demand	14,149,371	8,023,576
After 1 year but within 2 years	430,000	1,288,335
After 2 years but within 5 years	5,602,230	1,929,252
After 5 years	324,538	530,108
Total non-current bank loans	6,356,768	3,747,695
	20,506,139	11,771,271

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Reserves

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.

(b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB2.38 per share (six months ended 30 June 2021: RMB2.12 per share)	12,612,340	11,234,521

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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20 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) 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 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 an adjusted net debt-to-capital ratio. For this purpose adjusted net debt is calculated as bank loans and other borrowings plus lease liabilities and unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

In 2022, the Group's strategy, which was unchanged from 2021, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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20 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

		30 June 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 3(b))
Current liabilities:			
Bank loans and other borrowings	19	14,149,371	8,023,576
Lease liabilities		22,992	21,130
Current portion of long-term payables		62,088	62,585
Non-current liabilities:			
Bank loans and other borrowings	19	6,356,768	3,747,695
Lease liabilities		52,950	49,647
Long-term payables		323,203	356,363
Total debt		20,967,372	12,260,996
Add: Proposed dividends		-	12,612,340
Less: Cash and cash equivalents	17	(12,990,138)	(17,397,537)
Adjusted net debt		7,977,234	7,475,799
Total equity attributable to equity shareholders			
of the Company		179,010,591	183,601,584
Less: Proposed dividends		-	(12,612,340)
Adjusted capital		179,010,591	170,989,244
Adjusted net debt-to-capital ratio		4.46%	4.37%

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(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

(ii) Fair value hierarchy

	Fair value measurements as at 30 June 2022 categorised into			
	Fair value at 30 June 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	59,045	–	59,045	–
– Wealth management products	8,755,785	–	8,755,785	–
– Listed equity securities	1,551,898	1,551,898	–	–
Financial assets measured at FVOCI:				
– Listed equity securities	3,582,745	3,582,745	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	3,358,388	–	3,358,388	–
	17,379,637	5,134,643	12,173,218	71,776

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Fair value hierarchy (continued)

	Fair value measurements as at 31 December 2021 categorised into			
	Fair value at 31 December 2021 RMB'000	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
– Structured deposits	11,185,239	–	11,185,239	–
– Wealth management products	15,249,310	–	15,249,310	–
– Listed equity securities	816,671	816,671	–	–
Financial assets measured at FVOCI:				
– Listed equity securities	798,127	798,127	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	4,227,831	–	4,227,831	–
	32,348,954	1,614,798	30,662,380	71,776

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: Nil).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Fair value hierarchy (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 end of the reporting period.

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.

(b) Fair values of financial assets and liabilities 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 30 June 2022 and 31 December 2021.

22 COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for	9,855,323	6,453,886
Authorised but not contracted for	5,260,001	4,941,882
	15,115,324	11,395,768

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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23 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

Name of related party	Nature of relationship
Conch Holdings	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch (Anhui) Energy Saving and Environmental Protection New Materials Co., Ltd. and its subsidiaries ("Conch Energy Saving and its subsidiaries") 海螺(安徽)節能環保新材料股份有限公司及其附屬公司	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
Anhui Conch Construction Materials Design Centre Co., Ltd. ("Conch Design Institute") 安徽海螺建材設計研究院有限責任公司	Subsidiary of Conch Holdings
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Holdings
Conch New Materials Co., Ltd. and its subsidiaries 安徽海螺新材料科技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 Investment Co., Ltd. and its subsidiaries ("Conch Investment and its subsidiaries")	Subsidiary of Conch Holdings
Anhui International Trade Group Holding Co., Ltd. and its subsidiaries ("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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

<u>Name of related party</u>	<u>Nature of relationship</u>
Anhui Conch Kawasaki 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	Subsidiary of China Conch Venture
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	Subsidiary of China Conch Venture
Yangzhou Haichang Port Industrial Co., Ltd. (“HC Port”) 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture
Anhui Haizhong Environmental Protection Co., Ltd. and its subsidiaries (“Haizhong Environmental and its subsidiaries”) 安徽海中環保有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Environmental Protection Group Co., Ltd and its subsidiaries (“Conch Environmental Protection and its subsidiaries”) 安徽海螺環保集團有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Haichuang International Holdings (Hongkong) Limited (“Haichuang HK”) 海創國際控股(香港)有限公司	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 (“Anhui Conch Venture Green Energy”) 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
Wuhu Conch Venture Enterprise Limited (“Conch Venture Wuhu”) 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Electric Conch Clean Energy Co., Ltd. ("Clean Energy") 國家電投安徽海螺清潔能源有限公司	Joint venture of the Company
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬 (蕪湖) 國際貿易有限公司	Joint venture of the Company
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	Joint venture of the Company
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	Joint venture of the Company
Myanmar Conch Cement (Yangon) Company Limited ("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
Huaibei Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北相山水泥有限責任公司	Joint venture of the Company
Wuhu Conch Wind Power Energy Technology 蕪湖海螺風電能源科技有限公司	Joint venture of the Company
Wuhu Fanchang Haixin Wind Power Energy Technology 蕪湖市繁昌區海鑫風電能源科技有限公司	Joint venture of the Company
West China Cement Limited ("West Cement") 中國西部水泥有限公司	Associate of the Company

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

<u>Name of related party</u>	<u>Nature of relationship</u>
China National Building Materials (Anhui) New Materials Industry Investment Fund partnership (Limited partnership) (“CNBM Investment Fund”) 中建材(安徽) 新材料產業投資基金合夥企業 (有限合夥)	Associate of the Company
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	Associate of the Company
Hexian Conch Green Construction Co., Ltd 和縣海螺綠色建材有限公司	Associate of the Company
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

(b) Transactions between the Group and related parties (continued)

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Receiving services and purchase of goods	14,398	15,945
Interest expense on lease liabilities	88	71
Provision of services and sales of goods	9,160	875

As at 30 June 2022, the corporate bonds amounting to RMB3,500,000,000 (2021: RMB3,500,000,000) as disclosed in note19 are guaranteed by Conch Holdings.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties (continued)

(ii) Transactions with other related parties

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (restated) (Note 3(b))
Sales of goods	201,732	197,878
Sales of assets	5,778	17,439
Provision of services	51,214	65,367
Purchase of property, plant and equipment	521,893	554,446
Purchase of raw materials	843,733	1,599,993
Purchase of subsidiaries	53,383	–
Interest expense on lease liabilities	486	20
Receiving services	325,212	237,544
Interest income on loans	475	595

(iii) Loan guarantees provided to other related parties

	At 30 June	At 31 December
	2022 RMB'000	2021 RMB'000
Papua Cement	823,791	784,538
Myanmar Conch	10,570	10,042
	834,361	794,580

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Short-term employee benefits	3,321	3,267
Post-employment benefits	259	192
	3,580	3,459

The above remuneration is disclosed in “staff costs” (see note 6(b)).

10. Financial Accounting Report (Unaudited)

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23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties

(i) Due from related parties

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Papua Cement	29,235	24,842
Conch Kawasaki Equipment	323,535	248,509
Conch Design Institute	22,055	9,979
CK Equipment	1,412	63,469
Myanmar Conch	40,149	34,760
WH Investment and its subsidiaries	7,776	7,846
CK Engineering and its subsidiaries	153,746	98,953
Xiangshan Cement	6,735	6,667
Chengli Construction Material	2,163	78
PT Eternal Richway	35,608	31,974
Other related parties	56,994	70,600
	679,408	597,677

(ii) Due to related parties

(a) Lease liabilities due to related parties

	At 30 June 2022 (Note i) RMB'000	At 31 December 2021 (Note i) RMB'000
Conch Holdings	820	2,403
HC Port	437	427
WH Conch Hotel	-	7
	1,257	2,837

Note i: The amount of lease liabilities due to related parties are included in total lease liabilities.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

23 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties (continued)

(ii) Due to related parties (continued)

(b) Other amounts due to related parties

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000 (restated) (Note 3(b))
Conch Kawasaki Equipment	150,619	24,692
CK Equipment	35,775	20,350
Papua Cement	11,273	6,044
Conch IT Engineering and its subsidiaries	42,841	41,512
CK Engineering and its subsidiaries	101,936	9,170
Conch Design Institute	109,897	115,341
Other related parties	176,866	203,744
	629,207	420,853

24 CONTINGENT LIABILITIES

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

At 30 June 2022, the Group issued guarantees in relation to banking facilities to its related parties, Papua Cement and Myanmar Conch, amounting to RMB834,361,000 in aggregate (2021: RMB794,580,000). These facilities were utilised to the extent of RMB834,361,000 as at 30 June 2022 (2021: RMB794,580,000).

25 COMPARATIVE FIGURES

As a result of business combination under common control, the financial statements of the Group period prior to the combination have been restated to include the financial statements items of New Energy Group, Jinggong Testing and Shanghai Zhizhi as if they had been consolidated at the earliest balance sheet date presented or when the combining entities or businesses in New Energy Group, Jinggong Testing and Shanghai Zhizhi first came under common control, whichever is later. Further details are disclosed in notes 3(b).

Anhui Conch Cement Company Limited
Yang Jun
Chairman
25 August 2022