安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

Interim results for the six months ended 30 June 2023

Revenue of the Company for the six months ended 30 June 2023 ("**Reporting Period**"), prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"), amounted to approximately RMB65,436.31 million, representing an increase of approximately 16.28% over the corresponding period of the previous year.

As at the end of the Reporting Period, profit attributable to equity shareholders of the Company, prepared in accordance with the IRFSs, was approximately RMB6,755.61 million, representing a decrease of approximately 32.24% over the corresponding period of the previous year.

As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRSs, was RMB1.27, representing a decrease of RMB0.61 per share over the corresponding period of the previous year.

Unless otherwise stated, the currency unit in this announcement is Renminbi ("**RMB**"), the lawful currency of the People's Republic of China ("**PRC**"). Unless otherwise stated, the financial information in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises (2006) ("**PRC Accounting Standards**").

I. BASIC INFORMATION OF THE COMPANY

1. Basic information

Company name	Anhui Conch Cement Company Limited (the "**Company**", together with its subsidiaries, the "**Group**")
A shares ("**A Shares**") and H shares ("**H Shares**") stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange
H Shares stock code	00914
Exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited ("**Stock Exchange**")

Office address		No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code		241000

2. Contact persons and means of contact

	Secretary to the Board (Joint Company Secretary)	Securities Affairs Representative
Name	Zhou Xiaochuan	Wang Manbo
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II. ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Financial Summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2023 (RMB'000) (unaudited)	Six months ended 30 June 2022 (RMB'000) (unaudited)	Increase or decrease for the Reporting Period over the corresponding period of the previous year (%)
Revenue	65,436,307	56,275,749	16.28
Net profit attributable to equity shareholders of the Company	6,755,607	9,970,554	-32.24
	As at 30 June 2023 (RMB'000) (unaudited)	**As at 31 December 2022 (RMB'000)**	**Increase or decrease for the Reporting Period as compared to that at the end of the previous year (%)**
Total assets	241,182,064	243,976,422	-1.15
Total liabilities	46,677,789	48,067,537	-2.89

2. Major accounting data prepared in accordance with the PRC Accounting Standards

Items	As at 30 June 2023 (RMB'000) (unaudited)	As at 31 December 2022 (RMB'000)	Increase or decrease for the Reporting Period as compared to that at the end of the previous year (%)
Total assets	241,182,064	243,976,422	-1.15
Net assets attributable to equity shareholders of the Company	181,884,093	183,638,725	-0.96

Items	Six months ended 30 June 2023 (RMB'000) (unaudited)	Six months ended 30 June 2022 (RMB'000) (unaudited)	Increase or decrease for the Reporting Period over the corresponding period of the previous year (%)
Net cash flows generated from operating activities	5,077,428	4,468,348	13.63
Revenue	65,436,307	56,275,749	16.28
Net profit attributable to equity shareholders of the Company	6,468,471	9,839,772	-34.26

Net profit after extraordinary items attributable to equity shareholders of the Company	6,158,494	9,298,520	-33.77
Weighted average return on net assets (%)	3.48	5.30	Decreased by 1.82 percentage points
Basic earnings per share (RMB/share)	1.22	1.86	-34.26
Diluted earnings per share (RMB/share)	1.22	1.86	-34.26

III. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS

As at the end of the Reporting Period, the Company had a total of 335,034 shareholders, 111 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Change during the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
						Status	Number of shares
1. Anhui Conch Holdings Company Limited ("**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	-51,000	1,298,256,610	24.50	H Share	Unknown	Unknown
3. China Securities Finance Corporation Limited	State-owned legal person	-	158,706,314	2.99	A Share	Unknown	Unknown
4. Hong Kong Securities Clearing Company Limited	Foreign legal person	-89,243,789	155,379,351	2.93	A Share	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	-	68,767,400	1.30	A Share	Unknown	Unknown
6. Guosen Securities Co., Ltd	Others	35,096	18,347,697	0.35	A Share	Unknown	Unknown
7. Bank Negara Malaysia	Others	-	16,531,469	0.31	A Share	Unknown	Unknown
8. Anhui Conch Venture Group Co., Ltd. ("**Anhui Conch Venture Group**") (Note 3)	Domestic non-state-owned legal person	-	16,531,300	0.31	A Share	Unknown	Unknown
9. China Minsheng Banking Corp., Ltd. – Essence Steady Value-added Flexible Allocation Hybrid Securities Investment Fund	Others	-2,765,000	15,375,038	0.29	A Share	Unknown	Unknown
10. Bank of Ningbo Co., Ltd. – Zhongtai Xingyuan Value Selected Flexible Allocation Mixed Securities Investment Fund	Others	-3,461,700	15,115,042	0.29	A Share	Unknown	Unknown

Notes:

(1) During the Reporting Period, there was no change in the number of shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.

(2) HKSCC Nominees Limited held 1,298,256,610 H Shares, representing 24.50% of the total share capital of the Company, and 99.90% of the issued H Shares of the Company. These shares were held on behalf of its various clients.

(3) In 2007, the Company issued A Shares to Anhui Conch Venture Group as consideration for the purchase of the relevant assets of Anhui Conch Venture Group. Anhui Conch Venture Group had made the following undertakings in relation to the shareholders' rights arrangements in respect of the shares held: except for the shareholders' rights

of a proprietary nature (including but not limited to rights to receive dividends), Anhui Conch Venture Group would 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. As at 31 December 2022, such consideration shares and those shares derived from the capitalization of capital reserve fund had been disposed of in its entirety. The 16,531,300 A Shares held by Anhui Conch Venture Group during the Reporting Period were acquired from the secondary market and were entitled to voting rights and other shareholders' rights in accordance with the law.

(4) All the above shares are floating shares not subject to trading restrictions.

(5) The board ("**Board**") of directors ("**Directors**") of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

(6) During the Reporting Period, the Company did not carry out share repurchase, there was no designated repurchase account among the top ten shareholders.

IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Interests of directors, supervisors and chief executive

As at the end of the Reporting Period, the interests and short positions held by the Directors, supervisors, chief executive of the Company and their respective close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("**HKSE Listing Rules**")) in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code ("**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HKSE Listing Rules, are set out below:

Name	Position	The Company/ name of associated corporation	Nature of interest	Number of shares held (share)	Percentage of shareholding of the relevant class of shares
Liu Tiantian	Staff representative supervisor	The Company	Beneficial owner	63,500 (H Shares)	0.00%
		China Conch Environment Protection Holdings Limited ("**Conch Environment Protection**")	Beneficial owner	3,533,439	0.19%
Li Qunfeng	Executive Director and general manager	Conch Environment Protection	Beneficial owner	2,050,000	0.11%
			Interests held jointly with another person [Note]	481,782,979	26.37%
Zhou Xiaochuan	Executive Director and secretary to the	Conch Environment Protection	Beneficial owner	783,000	0.04%
			Interests of spouse	573,142	0.03%

	Board (Joint Company Secretary)		Interests held jointly with another person Note	482,476,837	26.41%
Chen Yongbo	Supervisor	Conch Environment Protection	Beneficial owner	521,000	0.03%

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

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

2. Corporate Governance Code

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

VI. MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2023

(1) Overview of operation development

In the first half of 2023, the Group actively responded to the complicated and difficult industry situation, strived to overcome the impact of unfavourable factors such as declining real estate investment, sluggish market demand and intensified industry competition. The Group strengthened organisation of the production and sales and coordination of resources; and implemented precise strategies according to the then prevailing situation, to stabilise the market share of its products. Based on the principle of "direct supply-oriented, multiple and complementary, and stability and efficiency", the Group optimized the procurement channel for raw materials and fuel, gave full play to the advantages of large-scale procurement to achieve reduction of costs and increase in efficiency. The Group streamlined production and operation management, strengthened management and control of indicators and continuously improved quality of operation. It also coordinated green development and drove innovation, and promoted energy-saving and consumption-reducing technological improvements in an orderly manner, accelerated the transformation and application of intelligent construction achievements and continued to promote high-quality development.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue amounted to RMB65,436 million, representing an increase of 16.28% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB6,468 million, representing a decrease of 34.26% from that for the corresponding period of the previous year; and earnings per share were RMB1.22, representing a decrease of RMB0.64 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, revenue amounted to RMB65,436 million, representing an increase of 16.28% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB6,756 million, representing a decrease of 32.24% from that for the corresponding period of the previous year; and earnings per share were RMB1.27, representing a decrease of RMB0.61 per share from that for the corresponding period of the previous year.

During the Reporting Period, the Group actively promoted the construction and development of projects, and continued to strengthen and optimize its core cement business and actively extended the industrial chain. As for core cement business, the low-carbon volume reduction replacement project of Shuicheng Conch Panjiang Cement Co., Ltd. was completed and put into operation, the construction of cement clinker production line projects of Tashkent Conch Cement Joint Venture Co., Ltd. and Shangfeng Bridge of Friendship Co., Ltd. in Uzbekistan and Conch KT Cement (Phnom Penh) Company Limited in Cambodia progressed in an orderly manner. The relocation project of grinding station of Jiangsu Baling Conch Cement Co., Ltd. and the grinding station project of Mengcheng Conch Building Material Co., Ltd. commenced smoothly. As for the extension of industry chain, eight aggregate projects including Ma'anshan Green Building Material Co., Ltd. and Wuhu Conch Green Construction Technology Co., Ltd. were put in operation smoothly, and eight operation of commodity concrete projects were newly added in operation through construction, merger and acquisitions and leasing in a proactive manner.

During the Reporting Period, the Group increased the production capacity of aggregate by 21.60 million tonnes and that of commodity concrete by 7.8 million cubic meters, and the capacity of photovoltaic storage power generator by 38 MW. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 269 million tonnes, 388 million tonnes, 130 million tonnes and 33.30 million cubic meters respectively, and the capacity of photovoltaic storage power generator amounted to 513 MW.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product, region and sales model

Principal activities by industry						
Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the corresponding period of the previous year (%)	Increase or decrease in operating cost over the corresponding period of the previous year (%)	Increase or decrease in gross profit margin over the corresponding period of the previous year
Building material industry (sale of self-produced products)	42,408,859	30,690,234	27.63	-8.12	0.36	Decreased by 6.11 percentage points
Building material industry (trading business)	1,312,163	1,307,597	0.35	46.37	47.09	Decreased by 0.48 percentage point
Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the corresponding period of the previous year (%)	Increase or decrease in operating cost over the corresponding period of the previous year (%)	Increase or decrease in gross profit margin over the corresponding period of the previous year
Building material industry (sale of self-produced products) -42.5 grade cement Note 1	30,664,967	22,343,306	27.14	-5.08	4.87	Decreased by 6.91 percentage points
Building material industry (sale of self-produced products) -32.5 grade cement	5,053,752	3,395,326	32.82	-7.96	-4.70	Decreased by 2.29 percentage points
Building material industry (sale of self-produced products) -clinker	4,025,345	3,381,368	16.00	-40.62	-28.74	Decreased by 13.99 percentage points
Building material industry (sale of self-produced products) -aggregate and manufactured sand	1,687,616	716,379	57.55	116.84	108.10	Increased by 1.78 percentage points
Building material industry (sale of self-produced products) -commodity concrete	977,179	853,855	12.62	21.80	37.06	Decreased by 9.73 percentage points
Building material industry (trading business)	1,312,163	1,307,597	0.35	46.37	47.09	Decreased by 0.48 percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the corresponding period of the previous year (%)	Increase or decrease in operating cost over the corresponding period of the previous year (%)	Increase or decrease in gross profit margin over the corresponding period of the previous year

Building material industry (sale of self-produced products) -East China Note 2	11,930,821	8,934,608	25.11	-7.22	4.62	Decreased by 8.48 percentage points
Building material industry (sale of self-produced products) -Central China Note3	13,703,488	9,505,228	30.64	-8.44	-1.55	Decreased by 4.85 percentage points
Building material industry (sale of self-produced products) -South China Note 4	7,418,682	5,231,455	29.48	-9.47	-2.50	Decreased by 5.05 percentage points
Building material industry (sale of self-produced products) -West China Note 5	7,072,524	5,405,854	23.57	-13.52	-3.94	Decreased by 7.62 percentage points
Building material industry (sale of self-produced products) -Export	108,120	85,140	21.25	102.11	72.32	Increased by 13.60 percentage points
Building material industry (sale of self-produced products) -Overseas	2,175,224	1,527,949	29.76	14.29	13.62	Increased by 0.41 percentage point
Building material industry (trading business)	1,312,163	1,307,597	0.35	46.37	47.09	Decreased by 0.48 percentage point
Principal activities by sales model						
Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the corresponding period of the previous year (%)	Increase or decrease in operating cost over the corresponding period of the previous year (%)	Increase or decrease in gross profit margin over the corresponding period of the previous year
Direct sale	24,781,075	17,406,820	29.76	-6.78	1.49	Decreased by 5.72 percentage points
Distribution	18,939,947	14,591,011	22.96	-7.46	1.90	Decreased by 7.08 percentage points

Notes: *1. 42.5-grade cement includes cement of grade 42.5 and above;*

2. East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong, etc.;

3. Central China mainly includes Anhui, Jiangxi and Hunan, etc.;

4. South China mainly includes Guangdong, Guangxi and Hainan;

5. West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi, Xinjiang and Inner Mongolia, etc.

Sales by industry

During the Reporting Period, the aggregate net sales volume of cement and clinker of the Group amounted to 134 million tonnes, representing a period-on-period increase of 3.00%. Revenue generated from principal activities amounted to RMB43,721 million, representing a period-on-period decrease of 7.08%. Operating cost amounted to RMB31,998 million, representing a period-on-period increase of 1.68%. The consolidated gross profit margin of products recorded a period-on-period decrease of 6.30 percentage points to 26.81%.

The sales volume of self-produced cement and clinker products of the Group amounted to 130 million tonnes, representing a period-on-period increase of 1.78%. Sales revenue from self-produced products amounted to RMB42,409 million, representing a period-on-period decrease of 8.12%. Cost of sales of self-produced products amounted to RMB30,690 million, representing a period-on-period increase of 0.36%. The consolidated gross profit margin of self-produced products recorded a period-on-period decrease of 6.11 percentage points to 27.63%.

During the Reporting Period, the Group achieved a sales volume of 3.81 million tonnes for its cement and clinker trading business, representing a period-on-period increase of 74.07%. Revenue from trading business amounted to RMB1,312 million, representing a period-on-period increase of 46.37%. Cost of trading business increased by 47.09% period-on-period to RMB1,308 million.

Sales by products

During the Reporting Period, the gross profit margin of the Group's 42.5-grade cement decreased by 7.11 percentage points period-on-period, the gross profit margin of the 32.5-grade cement decreased by 2.84 percentage points period-on-period and that of the clinker decreased by 13.86 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 period-on-period by 6.91 percentage points, 2.29 percentage points and 13.99 percentage points respectively. The consolidated gross profit margin of aggregates and manufactured sand increased by 1.78 percentage points period-on-period to 57.55%; the consolidated gross profit margin of commodity concrete decreased by 9.73 percentage points period-on-period to 12.62%.

Sales by region

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

In East China and South China regions, due to the decrease in the selling price of products, sales amount decreased period-on-period by 7.22% and 9.47%, respectively, and gross profit margin decreased period-on-period by 8.48 percentage points and 5.05 percentage points, respectively.

In Central China and West China regions, due to the decreases in sales volume and selling price of products, sales amount decreased period-on-period by 8.44% and 13.52%, respectively, and gross profit margin decreased period-on-period by 4.85 percentage points and 7.62 percentage points, respectively.

During the Reporting Period, the Group's export sales volume increased by 90.82% period-on-period and export sales amount increased by 102.11% period-on-period. With the continuous improvement of the sales market network of overseas projects, the sales volume and sales amount of overseas project companies increased period-on-period by 4.93% and 14.29% respectively, and the quality of operation of overseas projects was steadily improved.

Sales by sales model

During the Reporting Period, the Group's direct sales amount decreased by 6.78% period-on-period and distribution amount decreased by 7.46% period-on-period; direct sales cost increased by 1.49% period-on-period and the distribution cost increased by 1.90% period-on-period; the consolidated gross profit margin of products through direct sales and that of products through distribution decreased by 5.72 percentage points and 7.08 percentage points period-on-period, respectively.

2. Profit analysis

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

Items	Amount		Increase or decrease for the Reporting Period over the same period of the previous year (%)
	Six months ended 30 June 2023 (RMB'000) (unaudited)	Six months ended 30 June 2022 (RMB'000) (unaudited)	
Revenue from principal activities	43,721,022	47,052,551	-7.08
Profit from operations	8,312,199	12,650,910	-34.30
Profit before taxation	8,504,003	12,975,907	-34.46
Net profit attributable to equity shareholders of the Company	6,468,471	9,839,772	-34.26

During the Reporting Period, the Group's revenue from principal activities decreased by 7.08% period-on-period. Affected by the decrease in the selling price, 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 34.30%, 34.46% and 34.26% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2023 and their period-on-period changes

Items	Six months ended 30 June 2023		Six months ended 30 June 2022		Change in costs (%)	Increase or decrese in proportion of costs (percentage points)
	Unit costs (RMB/tonne) (unaudited)	Proportion (%)	Unit costs (RMB/tonne) (unaudited)	Proportion (%)		
Raw materials	37.02	16.57	38.05	16.46	-2.71	0.11
Fuel and power	141.26	63.23	148.31	64.14	-4.75	-0.91
Depreciation expense	15.07	6.75	14.50	6.27	3.93	0.48
Labour cost	11.99	5.37	12.50	5.40	-4.08	-0.03
Others	18.05	8.08	17.87	7.73	1.01	0.35
Total	**223.39**	**100**	**231.23**	**100**	**-3.39**	**-**

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

During the Reporting Period, unit cost of fuel and power decreased by 4.75% period-on-period, which was due to the period-on-period decrease of coal prices and period-on-period decrease of coal and electricity consumption.

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 2023 (RMB'000) (unaudited)	Amount for the six months ended 30 June 2022 (RMB'000) (unaudited)	Increase or decrease for the Reporting Period over the corresponding period of the previous year (%)	Proportion over the revenue from principal activities for the Reporting Period (%)	Proportion over the revenue from principal activities for the corresponding period of the previous year (%)	Increase or decrease in the proportion over the revenue from principal activities (percentage points)
Selling expenses	1,627,155	1,525,062	6.69	3.72	3.24	0.48
Administrative expenses	3,134,691	2,708,066	15.75	7.17	5.76	1.41
Research and development expenses	707,058	815,475	-13.29	1.62	1.73	-0.11
Financial expenses (income is stated in negative)	-820,016	-945,417	-13.26	-1.88	-2.01	0.13
Total	**4,648,888**	**4,103,186**	**13.30**	**10.63**	**8.72**	**1.91**

During the Reporting Period, the Group's administrative expenses increased by 15.75% period-on-period, which was mainly due to the increase in the number of subsidiaries within the scope of consolidation of financial statements of the Group, as well as the increase in the standard for provision of safety expenses of non-coal mines as required by the Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses. The Group's research and development expenses decreased by 13.29% period-on-period, which was mainly due to the period-on-period decrease in expenditures for research and development of energy conservation and efficiency improvement technology. The Group's financial expenses (net income) decreased by 13.26% period-on-period, which was mainly due to a period-on-period decrease in unutilised fund of the Company and continued decline of market interest rates during the Reporting Period.

During the Reporting Period, excluding the impact of revenue from trading business, the proportion of selling expenses, administrative expenses, research and development expenses and financial expenses in aggregate over the revenue generated from principal activities was 10.96%, representing an increase of 2.07 percentage points period-on-period, which was mainly due to an increase in administrative expenses, and decreases in financial expenses (net income) and revenue from principal activities.

4. Financial position

Asset and liability position

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

Items	As at 30 June 2023 (RMB'000) (unaudited)	As a percentage of total assets as at the end of the Reporting Period (%)	As at 31 December 2022 (RMB'000)	As a percentage of total assets as at the end of the previous year (%)	Changes in amounts as at the end of the Reporting Period from that at the end of the previous year (%)
Cash at bank and on hand	60,741,491	25.18	57,865,704	23.72	4.97
Financial assets held for trading	3,136,852	1.30	10,754,921	4.41	-70.83
Inventories	10,741,320	4.45	11,678,995	4.79	-8.03
Long-term equity investment	7,008,893	2.91	6,792,655	2.78	3.18
Investments in other equity Instruments	1,659,717	0.69	2,325,186	0.95	-28.62
Fixed assets	82,268,555	34.11	81,181,917	33.27	1.34
Construction in progress	11,166,352	4.63	8,387,067	3.44	33.14
Intangible assets	32,189,151	13.35	32,038,331	13.13	0.47
Total assets	241,182,064	100.00	243,976,422	100.00	-1.15
Short-term borrowings	10,946,404	4.54	10,037,364	4.11	9.06
Wages payables	395,273	0.16	1,639,167	0.67	-75.89
Contract liabilities	3,296,564	1.37	3,576,719	1.47	-7.83
Non-current liabilities due within a year	1,543,156	0.64	2,353,059	0.96	-34.42
Long-term borrowings	11,335,003	4.70	9,688,651	3.97	16.99
Total liabilities	46,606,392	19.32	47,982,828	19.67	-2.87
Total liabilities and equity	**241,182,064**	**-**	**243,976,422**	**-**	**-1.15**

As at the end of the Reporting Period, the Group's balance of financial assets held for trading decreased by 70.83% as compared to that at the end of the previous year, which was mainly due to recovery upon maturity of structured deposits and wealth management products during the Reporting Period; balance of investments in other equity instruments decreased by 28.62% as compared to that at the end of the previous year, which was mainly due to fluctuation of share prices of China Conch Venture Holdings Limited, Huaxin Cement Co., Ltd., Anhui Xinli Finance Co., Ltd. during the Reporting Period; balance of construction in progress increased by

33.14% as compared to that at the end of the previous year, which was mainly attributable to the increase in the ongoing construction of cement production lines and aggregate projects during the Reporting Period; the balance of wages payables decreased by 75.89% as compared to that at the end of the previous year, which was mainly attributable to the payment of year-end bonus for the previous year during the Reporting Period. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB241,182 million, representing a decrease of 1.15% as compared to that at the end of the previous year. Total liabilities amounted to RMB46,606 million, representing a decrease of 2.87% as compared to that at the end of the previous year, of which, current liabilities amounted to RMB32,398 million, representing a decrease of 8.92% as compared to that at the end of the previous year; non-current liabilities amounted to RMB14,208 million, representing an increase of 14.47% as compared to that at the end of the previous year. As at the end of the Reporting Period, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 19.32%, representing a decrease of 0.35 percentage point as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB181,884 million, representing a decrease of 0.96% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB12,692 million, representing an increase of 2.73% as compared to that at the end of the previous year. Net assets per share attributable to equity shareholders of the Company as at the end of the Reporting Period amounted to RMB34.32, representing a decrease of RMB0.33 per share as compared to that at the end of the previous year.

As at the end of the Reporting Period, total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB99,388 million and RMB32,398 million respectively, with a current ratio of 3.07:1 (as at the end of the previous year: 2.98:1). The increase in current ratio as compared to that at the end of the previous year was mainly due to the payment of year-end bonus for the previous year during the Reporting Period. Total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB99,744 million and RMB32,398 million respectively, with a net gearing ratio of 0.055 (as at the end of the previous year: 0.034). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group was RMB18,614 million, representing 7.72% of the total assets.

During the Reporting Period, subsidiaries of the Company had pledged intangible assets with a book value of approximately RMB2,176 million as security for borrowings from financial institutions. As at the end of the Reporting Period, the aforesaid pledged assets had not been discharged.

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

Liquidity and source of funds

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

	As at 30 June 2023 (RMB'000) (unaudited)	**As at 31 December 2022 (RMB'000)**
Due within 1 year	12,403,199	12,300,541
Due after 1 year but within 2 years	1,629,795	2,158,813
Due after 2 years but within 5 years	8,206,656	6,400,622
Due after 5 years	1,498,552	1,129,216
Total	**23,738,202**	**21,989,192**

As at the end of the Reporting Period, balance of the Group's bank borrowings was RMB23,738 million, representing an increase of RMB1,749 million 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 needs during the Reporting Period.

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

Analysis of cash flow

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

	Six months ended 30 June 2023 (RMB'000) (unaudited)	**Six months ended 30 June 2022 (RMB'000) (unaudited)**	**Changes (%)**
Net cash flows generated from operating activities	5,077,428	4,468,348	13.63
Net cash flows generated from investment activities	-3,502,801	-6,008,821	41.71
Net cash flows generated from financing activities	-3,633,414	-2,961,613	-22.68
Effect of exchange rate movement on cash and cash equivalents	74,876	94,687	20.92
Net increase in cash and cash equivalents	-1,983,911	-4,407,399	54.99
Balance of cash and cash equivalents at the beginning of the period	16,158,423	17,397,537	-7.12
Balance of cash and cash equivalents at the end of the period	14,174,512	12,990,138	9.12

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB5,077 million, representing a period-on-period increase of RMB609 million. Such increase was mainly due to the period-on-period decrease in taxes paid by the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB2,506 million as compared to that of the corresponding period of the previous year, which was mainly due to the period-on-period decrease in cash paid for acquisition of fixed assets, intangible assets and other long-term assets by the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB672 million as compared to that of the corresponding period of the previous year, which was mainly due to the decrease in new borrowings of the Group during the Reporting Period.

(3) Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB9,734 million, which was primarily used in investment expenditure for construction 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 2023 (RMB'000) (unaudited)	As at 31 December 2022 (RMB'000)
Authorized and contracted for	11,511,390	11,301,286
Authorized but not contracted for	7,602,648	7,254,772
Total	**19,114,038**	**18,556,058**

(4) Exchange rate risk and related hedging by financial instruments

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

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

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2023, the global economic environment will become more complicated, and the domestic economy will face new difficulties and challenges. The central government will adhere to the main theme of "making progress while maintaining stability", it will implement the new development concept completely, accurately and comprehensively by accelerating the formation of a new development pattern, increasing the intensity of macroeconomic policy regulation to promote the effective improvement of quality and reasonable growth in quantity. In terms of infrastructure, the government will further drive investment by accelerating the issuance and use of special bonds by local government. Infrastructure investment is expected to continue the growth trend and provide strong support for pulling the demand of cement. Real estate investment will remain low, which will have an adverse impact on the demand of cement market. However, the state emphasized that real estate policies will be adjusted and optimized at a suitable timing, and policies will be implemented according to the situation of city to better satisfy residents' core needs and housing improvement needs, and efforts of construction and supply of houses for security will be increased. In super large and mega cities, the state will actively and steadily promote the transformation of urban villages and the construction of public infrastructure for "dual normal and urgent use", in order to promote gradual stabilization of the real estate market. In such connection, demand for cement from the real estate market may improve in the second half of the year. Meanwhile, staggered production in the cement industry will continue to be normalized, but its marginal function on the improvement of the relationship between supply and demand will be weakened.

In terms of investment development, the Group will stick to the "14th Five-Year" strategic plan and annual plan, and will insist on effective investments and accelerate the implementation and construction of key projects. First, the Group will plough into its core cement business, cautiously push forward new projects and implement mergers and acquisitions of quality projects in line with the principles of enhancing market control, building long-term competitiveness of enterprises and improving domestic market layout. Second, the Group will accelerate the extension, fixing and strengthening of the industry chains and vigorously develop the aggregate business, and will focus on promoting the commencement of projects in stock, steadily push forward new independent aggregate projects construction and create a new profit growth point. The Group will adhere to using a combination of new construction, mergers and acquisitions and leasing, in order to accelerate the market layout in commodity concrete business and increase control of end-user market. Third, the Group will accelerate the development of new energy industry for the integration of wind, solar and water storage, actively extending the upstream industry and expanding new industries to create new advantages. It will further expand and strengthen the environmental protection business to create new momentum for development. Fourth, the Group will steadily implement internationalization strategy, explore ways of diversified development, strengthen risk identification and control, improve the markets layout of existing investment and steadily push forward the development in undeveloped international markets.

In terms of business management, the Group will pay close attention to the international and domestic macroeconomic situation, deepen lean management and improve operation quality and efficiency. First, it will strengthen the studies and analysis of market supply and demand conditions and implement differentiated marketing strategies. It will stabilize price, increase sales volume and improve efficiency on the basis of stabilizing market share. Second, it will focus on the economic and secure supply of raw materials and fuel, coordinate international and domestic markets, stabilize and expand direct supply channel to reduce overall procurement cost. Third, it will strengthen cost control on all employees, all key components, entire value chain and the entire life cycle, strictly control various expenses and expenditures and comprehensively reduce the operating costs of the Company. Fourth, it will build and reinforce the concept of green development, plan in advance the transformation of ultra-low emission of production lines, enhance cultivation of professionals and talents in the field of "dual carbon", strengthen research in carbon market policy, and strengthen research and application of carbon reduction technology and explore an economic and efficient approach for carbon emission control. Fifth, it will accelerate the promotion and application of the results of intelligent factory construction and continuously improve the level of intelligent manufacturing. Finally, it will deepen and push forward the strategy of talents for strong enterprises, optimise talent structure, integrate company resources to enhance the cultivation and quality of talents and generate continuous power for the high-quality and sustainable development of the Company.

VII. AUDIT COMMITTEE

The audit committee ("**Audit Committee**") of the Board 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 recommendation to the Board. The interim results for the six months ended 30 June 2023 as disclosed in this announcement has been reviewed by the Audit Committee.

VIII. INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend and the capitalization of capital reserve for the first half of 2023.

IX. NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS

As at the end of the Reporting Period and up to the date of the publication of this interim results announcement, there has been no event that might impose material impacts on the Group.

X. FINANCIAL INFORMATION

Financial information extracted from the unaudited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2023 and unaudited consolidated statement of financial position of the Group at 30 June 2023 together with the comparative figures for the six months ended 30 June 2022, prepared in accordance with the IFRSs and presented on the basis as described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss (unaudited)

		Six months ended 30 June	
	Note	2023	2022
		RMB'000	*RMB'000*
Revenue	*4(3)*	65,436,307	56,275,749
Cost of sales and services rendered		(53,228,724)	(40,689,532)
Gross profit		12,207,583	15,586,217
Other income	*4(4)*	1,917,957	2,301,133
Selling and marketing costs		(1,627,155)	(1,525,062)
Administrative expenses		(2,858,987)	(2,598,417)
Research and development costs		(707,058)	(815,475)
Profit from operations		8,932,340	12,948,396
Finance costs	*4(5)(a)*	(415,610)	(241,870)
Share of profits of associates		198,426	220,402
Share of profits of joint ventures		107,885	187,611
Profit before taxation	*4(5)*	8,823,041	13,114,539
Income tax	*4(6)*	(1,696,272)	(2,814,075)
Profit for the period		7,126,769	10,300,464
Attributable to:			
Equity shareholders of the Company		6,755,607	9,970,554
Non-controlling interests		371,162	329,910
Profit for the period		7,126,769	10,300,464
Earnings per share	*4(7)*		
Basic		RMB1.27	RMB1.88
Diluted		RMB1.27	RMB1.88

2. Consolidated statement of profit and loss and other comprehensive income (unaudited)

	Six months ended 30 June 2023	Six months ended 30 June 2022
	RMB'000	*RMB'000*
Profit for the period	7,126,769	10,300,464
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)	(567,236)	(1,805,159)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(113,244)	(38,521)
Shares of other comprehensive income of investees	28,730	19,725
Other comprehensive income for the period	(651,750)	(1,823,955)
Total comprehensive income for the period	6,475,019	8,476,509
Attributable to:		
Equity shareholders of the Company	6,089,157	8,071,082
Non-controlling interests	385,862	405,427
Total comprehensive income for the period	6,475,019	8,476,509

3. Consolidated statement of financial position

	At 30 June 2023 *RMB'000* *(unaudited)*	At 31 December 2022 *RMB'000*
Non-current assets		
Property, plant and equipment		
- Investment properties	56,903	73,409
- Other property, plant and equipment	101,501,563	97,721,643
Intangible assets	24,397,325	24,638,108
Goodwill	1,146,037	1,145,964
Interests in associates	4,836,700	4,745,760
Interests in joint ventures	2,172,192	2,046,895
Loans and receivables	288,013	292,657
Long-term prepayments	2,957,736	2,328,969
Financial assets measured at FVOCI	1,659,717	2,325,186
Financial assets measured at fair value through profit or loss ("**FVPL**")	1,030,400	1,001,300
Deferred tax assets	1,391,132	1,248,931
	141,437,718	137,568,822
Current assets		
Inventories	10,741,320	11,678,994
Trade and bills receivables	17,361,286	16,957,929
Financial assets measured at FVPL	3,136,852	10,754,921
Prepayments and other receivables	6,723,319	7,874,486
Amounts due from related parties	635,792	663,626
Tax recoverable	404,286	611,940
Restricted cash deposits	783,800	807,730
Bank deposits with maturity over three months	45,783,179	40,899,551
Cash and cash equivalents	14,174,512	16,158,423
	99,744,346	106,407,600

3. Consolidated statement of financial position (continued)

	At 30 June 2023 RMB'000 (unaudited)	At 31 December 2022 RMB'000
Current liabilities		
Trade and bills payables	4,979,149	6,659,874
Other payables and accruals	9,786,056	11,283,855
Current portion of long-term payables	62,222	65,013
Contract liabilities	3,295,458	3,564,849
Bank loans and other borrowings	12,403,199	12,300,541
Lease liabilities	24,139	24,869
Amounts due to related parties	861,496	901,609
Current taxation	986,639	770,634
	32,398,358	35,571,244
Net current assets	67,345,988	70,836,356
Total assets less current liabilities	208,783,706	208,405,178
Non-current liabilities		
Bank loans and other borrowings	11,335,003	9,688,651
Lease liabilities	47,074	56,049
Long-term payables	277,865	311,033
Deferred income	910,434	748,696
Deferred tax liabilities	1,709,055	1,691,864
	14,279,431	12,496,293
NET ASSETS	194,504,275	195,908,885
CAPITAL AND RESERVES		
Share capital	5,299,303	5,299,303
Reserves	176,521,104	178,263,329
Total equity attributable to equity shareholders of the Company	181,820,407	183,562,632
Non-controlling interests	12,683,868	12,346,253
TOTAL EQUITY	194,504,275	195,908,885

4. Notes

(1) Basis of preparation

The interim financial report of Anhui Conch Cement Company Limited and its subsidiaries 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 21 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 4(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 2022 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 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 2022 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 2022 are available from the Company's registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2023.

(2) Changes in accounting policies

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities*

arising from a single transaction

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

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.

(3) Revenue and segment reporting

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

(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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
- Sales and trading of clinker and cement products	43,721,022	47,052,551
- Sales and trading of other materials	19,646,105	7,919,513
- Service income	2,069,180	1,303,685
	65,436,307	56,275,749

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

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2023 (unaudited)

	Cement and cement related							*Solid and hazardous waste treatment*	*Elimination*	*Total*
	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Elimination*	*Subtotal*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business										
Sales and trading of clinker and cement products	13,030,589	12,860,039	8,014,020	7,633,655	2,182,719	-	43,721,022	-	-	43,721,022
Sales and trading of other materials	7,090,887	5,647,954	1,549,315	5,135,902	222,047	-	19,646,105	-	-	19,646,105
Service income	86,605	989,477	4,325	7,682	10,307	-	1,098,396	970,784	-	2,069,180
Revenue from external customers	20,208,081	19,497,470	9,567,660	12,777,239	2,415,073	-	64,465,523	970,784	-	65,436,307
Disaggregated by timing of revenue recognition										
Point in time	20,204,787	19,461,830	9,567,281	12,776,127	2,404,765	-	64,414,790	-	-	64,414,790
Over time	3,294	35,640	379	1,112	10,308	-	50,733	970,784	-	1,021,517
Revenue from external customers	20,208,081	19,497,470	9,567,660	12,777,239	2,415,073	-	64,465,523	970,784	-	65,436,307
Inter-segment revenue	2,453,158	16,204,006	153,777	836,512	53,802	(19,658,820)	42,435	-	(42,435)	-
Reportable segment revenue	22,661,239	35,701,476	9,721,437	13,613,751	2,468,875	(19,658,820)	64,507,958	970,784	(42,435)	65,436,307
Reportable segment profit (profit before taxation)	1,079,763	7,522,580*	1,013,878	833,804	531,146	(2,698,908)	8,282,263	221,740	-	8,504,003

* Reportable segment profit of Central China included dividend income from subsidiaries in Eastern China, Southern China, Western China and overseas regions of RMB2,498,639,000 for the six months ended 30 June 2023.

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2023 (unaudited)

	Cement and cement related							*Solid and hazardous waste treatment*	*Elimination*	*Total*
	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Elimination*	*Subtotal*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	8,619	1,142,626	12,628	16,650	6,098	(218,009)	968,612	2,678	-	971,290
Interest expense	(2,154)	(77,254)	(42,671)	(19,964)	(245,207)	21,310	(365,940)	(49,670)	-	(415,610)
Depreciation and amortisation for the period	(296,574)	(1,537,485)	(513,593)	(904,189)	(253,950)	34,189	(3,471,602)	(178,731)	-	(3,650,333)
Reportable segment assets (including interests in associates and joint ventures)	16,076,900	178,061,249	32,584,238	31,547,931	18,614,341	(45,166,058)	231,718,601	9,464,260	(797)	241,182,064
Investments in associates and joint ventures	-	3,044,247	-	3,651,064	241,462	-	6,936,773	72,119	-	7,008,892
Additions to non-current segment assets during the period	545,463	2,474,138	2,224,984	801,848	1,748,964	-	7,795,397	430,534	-	8,225,931
Reportable segment liabilities	2,500,743	20,816,819	13,496,648	5,711,921	14,071,887	(15,408,103)	41,189,915	5,417,274	(797)	46,606,392

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2022 (unaudited)

	Eastern China	Central China	Southern China	Western China	Overseas	Subtotal	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by type of business								
Sales and trading of clinker and cement products	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

* Reportable segment profit of Central China included 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.

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2022 (unaudited)

	Eastern China	Central China	Southern China	Western China	Overseas	Subtotal	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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

(3) Revenue and segment reporting (continued)

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

	Six months ended 30 June 2023 *RMB'000* *(unaudited)*	2022 *RMB'000* *(unaudited)*
Revenue		
Reportable segment revenue	85,137,562	75,731,584
Inter-segment revenue	(19,701,255)	(19,455,835)
Consolidated revenue	65,436,307	56,275,749
Profit		
Reportable segment profit (profit before taxation)	11,202,911	14,123,921
Inter-segment profit	(2,698,908)	(1,148,014)
Differences between CAS and IFRS*	319,038	138,632
Consolidated profit before taxation	8,823,041	13,114,539

	Six months ended 30 June 2023 *RMB'000* *(unaudited)*	2022 *RMB'000* *(unaudited)*
Assets		
Reportable segment assets	286,348,919	270,788,394
Inter-segment assets	(45,166,855)	(41,834,462)
Consolidated total assets	241,182,064	228,953,932
Liabilities		
Reportable segment liabilities	62,015,292	55,147,003
Inter-segment liabilities	(15,408,900)	(14,033,509)
Difference between CAS and IFRS*	71,397	101,475
Consolidated total liabilities	46,677,789	41,214,969

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

(4) Other income (unaudited)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income on financial assets measured at amortised cost	971,290	1,168,837
Subsidy income*	545,299	822,085
Investment income on wealth management products	108,048	225,819
Net loss on disposal of property, plant and equipment	(60,466)	(38,336)
Net realised and unrealised (loss) / gain on financial assets measured at FVPL	(10,933)	27,261
Dividend income from financial assets measured at FVOCI	79,987	146,372
Net exchange gain	265,929	19,054
Gain arising from bargain purchase	-	8,723
Others	18,803	(78,682)
	1,917,957	2,301,133

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

(5) Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs (unaudited)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	469,057	239,665
Interest on long-term payables	8,701	9,597
Interest on lease liabilities	1,842	1,966
Less: interest expense capitalised into construction-in-progress*	(63,990)	(9,358)
	415,610	241,870

* The borrowing costs have been capitalized at rate of 2.80% - 4.90% for the six months ended 30 June 2023 (six months ended 30 June 2022: 3.10% - 3.64%).

(5) Profit before taxation (continued)

(b) Staff costs (unaudited)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and other benefits	3,566,625	3,651,052
Contributions to defined contribution retirement plans	371,710	377,199
Annuity	200,181	167,033
	4,138,516	4,195,284

(c) Other items (unaudited)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Depreciation of investment property and other property, plant and equipment	3,299,937	2,931,468
Amortisation of intangible assets	350,396	269,805
Cost of inventories*	50,971,386	38,890,746

* Cost of inventories included RMB5,022,115,000 (six months ended 30 June 2022: RMB4,420,161,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

(6) Income tax

Taxation in the consolidated statement of profit or loss represent: (unaudited):

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for the period	1,722,186	2,802,693
(Over)/under-provision in respect of prior year	(17,433)	14,425
	1,704,753	2,817,118
Deferred tax		
Origination of temporary differences	(8,481)	(3,043)
	1,696,272	2,814,075

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2023 and 2022 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

(6) 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 PRC income tax laws, except for:

Subsidiaries' Name	***Tax rates***
Qianxinan Resource Development Co., Ltd. (Note (i))	15%
Pingliang Conch Cement Co., Ltd. (Note (i))	15%
Dazhou Conch Cement Co., Ltd. (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. (Note (i))	15%
Chongqing Conch Cement Co., Ltd. (Note (i))	15%
Liquan Conch Cement Co., Ltd. (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Qianyang Conch Cement Co., Ltd. (Note (i))	15%
Bazhong Conch Cement Co., Ltd. (Note (i))	15%
Wenshan Conch Cement Co., Ltd. (Note (i))	15%
Shuicheng Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Linxia Conch Cement Co., Ltd. (Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. (Note (i))	15%
Qianxian Conch Cement Co., Ltd. (Note (i))	15%
Tengchong Tengyue Cement Co., Ltd. (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (Note (i))	15%
Liangping Conch Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (Note (i))	15%

Subsidiaries' Name (continued)	***Tax rates***
Baoshan Conch Cement Co., Ltd. (Note (i))	15%
Hami Hongyi Building Material Co., Ltd. (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (Note (i))	15%
Kunming Conch Cement Co., Ltd. (Note (i))	15%
Shaanxi Tongchuan Fenghuang Building Material Co., Ltd. (Note (i))	15%
Chongqing Conch Material Trading Co., Ltd. (Note (i))	15%
Guizhou New Shuanglong Cement Co., Ltd. (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Engineering Co., Ltd. ("**Conch Construction**") (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("**Refractory Material**") (Note (ii))	15%
Zunyi Haihui New Materials Co., Ltd. (Note (i))	15%
Naimanqi Hongji Cement Co., Ltd. (Note (i))	15%
Chongqing Duoji Renewable Resources Co., Ltd. (Note (i))	15%
Bazhong Conch Building Material Co., Ltd. (Note (i))	15%
Anhui Jinggong Testing and Inspection Center Co., Ltd. ("**Jinggong Testing**") (Note (ii))	15%
Anhui Haibo Intelligent Technology Co., Ltd. ("**Haibo Intelligent**") (Note (ii))	15%
Shanghai Zhizhi Technology Co., Ltd. ("**Shanghai Zhizhi**") (Note (ii))	15%
Certain subsidiaries of China Conch Environment Protection Holdings Limited ("**Conch Environment Protection**") (Note (i))	15%
Hainan Changjiang Conch Cement Co., Ltd. (Note (v))	15%
Changjiang Conch Huasheng Plastic Packaging Co., Ltd. (Note (v))	15%

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 recognized as high and new technology enterprise are entitled to a preferential income tax rate of 15%.

Conch Construction has obtained a high and new technology enterprise certification in 2015 and obtained a renewed certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023.

Refractory Material has obtained a high and new technology enterprise certification in 2019 and obtained a renewed certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

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

Haibo Intelligent has obtained a high and new technology enterprise certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

Shanghai Zhizhi has obtained a high and new technology enterprise certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

(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, small-scaled minimal profit enterprises with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) are entitled to a preferential tax treatment of exemption of 75% on taxable income and application of income tax rate of 20%. According to Caishui [2023] No. 6, "The Announcement of Implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise", small-scaled minimal profit enterprises with an annual taxable income below RMB1,000,000 are entitled to a preferential tax treatment of exemption of 75% on taxable income and application of income tax rate of 20% between 2023 and 2024.

(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, 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 will be levied for the following three years.

(v) According to Caishui [2020] No. 31, "The Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port", from 1 January 2020 to 31 December 2024, encouraged industrial enterprises registered in Hainan Free Trade Port with substantive operation will be subject to enterprise income tax at a reduced rate of 15%.

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

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

Subsidiaries' Name (continued)	***Tax rates***
PT Conch Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement, a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia, a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine, a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement, a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement, a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd., a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd., a subsidiary in Indonesia	22%
Battambang Conch Cement Company Limited ("**Battambang Conch**"), a subsidiary in Cambodia (Note (i))	-
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	15%
Tashkent Conch Cement Joint Venture Co., Ltd., a subsidiary in Uzbekistan	15%
Shangfeng Bridge of Friendship Co., Ltd., a subsidiary in Uzbekistan	15%
Conch Environment Protection, a subsidiary in Cayman Islands and its subsidiaries in Cayman Islands and British Virgin Islands (Note (ii))	-
Subsidiaries of Conch Environment Protection in Hong Kong	16.5%

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.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, these subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(7) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of RMB6,755,607,000 (six months ended 30 June 2022: RMB9,970,554,000) and the weighted average number of shares in issue during the six months ended 30 June 2023 of 5,299,303,000 shares (six months ended 30 June 2022: 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 2023 and 2022, therefore, diluted earnings per share is the same as the basic earnings per share.

(8) Business combination

Business combination not under common control

During the six months ended 30 June 2023, the Group entered into a share purchase agreement to acquire the entire equity interest in the below subsidiary from a third party. Details of the acquired subsidiary after the acquisition are as follows:

Name of the Company	*Voting rights/ effective equity interests*	*Date of acquisition*	*Principal activities*
Shaodong Panshi Concrete Co., Ltd. ("**Shaodong Panshi**")	100%	12 January 2023	Manufacture and sale of concrete

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

Identifiable assets acquired and liabilities assumed at the acquisition date:

	Shaodong Panshi *RMB'000*
Property, plant and equipment	50,927
Inventories	65
Cash and cash equivalents	156
Trade payables and other liabilities	(37,169)
Fair value of identifiable net assets	13,979

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

	Shaodong Panshi *RMB'000*
Total cash consideration	14,052
Fair value of net identifiable assets	(13,979)
Goodwill	73

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 is expected to be deductible for tax purposes.

From the date of acquisition to 30 June 2023, Shaodong Panshi contributed revenue of RMB12,108,000 and net loss of RMB574,000.

(9) Contingent liabilities

At 30 June 2023, outstanding letters of credit issued by the Group amounted to RMB167,376,000 (2022: RMB162,421,000).

At 30 June 2023, the Group issued guarantees in relation to banking facilities to its related party, PT SDIC Papua Cement Indonesia, amounting to USD122,441,000, equivalent to RMB884,736,000 (2022: USD122,438,000, equivalent to RMB852,737,000). These facilities were utilised to the extent of RMB884,736,000 as at 30 June 2023 (2022: RMB852,737,000).

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

Wuhu City, Anhui Province, the PRC
21 August 2023

As at the date of this announcement, the Board comprises (i) Mr. Yang Jun, Mr. Wang Jianchao, Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun as executive Directors; (ii) Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan as independent non-executive Directors.