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Independent auditor's report
to the directors of Anhui Conch Material Technology Co., Ltd.
(incorporated in the People's Republic of China)

Opinion

We have audited the consolidated financial statements of Anhui Conch Material Technology Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 5 to 81, which comprise the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022, 2023 and 30 June 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 2021, 2022 and 2023 and the six months ended 30 June 2024 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the Company's and the Group's financial position as at 31 December 2021, 2022, 2023 and 30 June 2024 and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended 2021, 2022 and 2023 and the 6 months ended 30 June 2024 in accordance with the basis of preparation and presentation set out in Note 1 to the consolidated financial statements.

Basis for opinion

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



毕马威

Independent auditor's report
to the directors of Anhui Conch Material Technology Co., Ltd.
(continued)
(incorporated in the People's Republic of China)

Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of preparation and presentation. The consolidated financial statements are prepared for the purpose of the preparation of a prospectus by the directors of the Company in connection with the initial public offering of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

We draw attention to the fact that the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2023 and any of the related notes have not been audited.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the consolidated financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



毕马威

**Independent auditor's report
to the directors of Anhui Conch Material Technology Co., Ltd.
(continued)**

(incorporated in the People's Republic of China)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



毕马威

**Independent auditor's report
to the directors of Anhui Conch Material Technology Co., Ltd.
(continued)**
(incorporated in the People's Republic of China)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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31 December 2024

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(Unaudited)	
Revenue	4	1,537,525	1,839,589	2,395,471	1,035,535	1,103,390
Cost of sales		(1,199,279)	(1,475,945)	(1,936,349)	(844,384)	(894,278)
Gross profit		338,246	363,644	459,122	191,151	209,112
Other net income	5	10,921	6,323	13,639	5,040	11,108
Distribution costs		(33,191)	(45,097)	(54,908)	(25,409)	(27,322)
Administrative expenses		(119,077)	(141,479)	(157,106)	(75,109)	(77,033)
Research and development costs . . .		(39,084)	(39,943)	(45,843)	(21,230)	(29,371)
Reversal/(provision) of impairment losses on trade receivables	6	2,556	(10,058)	(14,590)	20	(2,029)
Profit from operations		160,371	133,390	200,314	74,463	84,465
Finance costs	6(a)	(10,073)	(23,746)	(30,285)	(15,843)	(13,654)
Profit before taxation	6	150,298	109,644	170,029	58,620	70,811
Income tax	7(a)	(23,408)	(17,261)	(26,095)	(10,879)	(10,627)
Profit for the year/period		126,890	92,383	143,934	47,741	60,184

	Year ended 31 December		Six months ended 30 June		
	2021	2022	2023	2023	2024
Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	
Attributable to:					
Equity shareholders of the Company.	129,651	75,881	116,953	38,343	52,652
Non-controlling interests	(2,761)	16,502	26,981	9,398	7,532
Profit for the year/period	126,890	92,383	143,934	47,741	60,184
Other comprehensive income for the year (after tax and reclassification adjustments)	—	—	—	—	—
Total comprehensive income for the year/period	126,890	92,383	143,934	47,741	60,184
Attributable to:					
Equity shareholders of the Company.	129,651	75,881	116,953	38,343	52,652
Non-controlling interests	(2,761)	16,502	26,981	9,398	7,532
Total comprehensive income for the year/period	126,890	92,383	143,934	47,741	60,184
Earnings per share					
Basic and diluted (RMB)	0.36	0.21	0.27	0.09	0.12

The accompanying notes form part of the Consolidated Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at 31 December			As at 30 June
		2021	2022	2023	2024
	Note	RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets					
Property, plant and equipment	11	767,618	1,003,521	1,012,990	998,833
Right-of-use assets	12	170,558	165,268	181,279	184,064
Intangible assets	13	13,487	11,437	13,850	12,586
Goodwill	14	28,691	28,691	28,691	28,691
Deferred tax assets	22(b)	15,186	22,925	24,100	29,577
Non-current portion of trade and other receivables	17	37,851	24,053	2,503	3,710
		1,033,391	1,255,895	1,263,413	1,257,461
Current assets					
Inventories	16	52,943	118,597	102,897	135,939
Trade and other receivables	17	359,700	632,813	813,057	878,645
Restricted bank deposits	18	129	—	—	—
Cash and cash equivalents	18	214,305	131,757	166,103	143,515
		627,077	883,167	1,082,057	1,158,099
Current liabilities					
Loans and borrowings	19	312,000	712,079	701,636	736,464
Trade and other payables	20	313,165	343,234	369,422	349,778
Contract liabilities	21	2,455	11,386	13,452	18,625
Lease liabilities	23	1,672	1,743	1,775	1,704
Income tax payables	22(a)	5,461	6,864	12,311	14,960
		634,753	1,075,306	1,098,596	1,121,531
Net current liabilities		(7,676)	(192,139)	(16,539)	36,568
Total assets less current liabilities		1,025,715	1,063,756	1,246,874	1,294,029

The accompanying notes form part of the Consolidated Financial information.

		As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB '000	RMB '000	RMB '000	RMB '000
		<i>Note</i>			
Non-current liabilities					
Loans and borrowings	19	441,085	391,701	245,644	222,067
Lease liabilities	23	3,797	2,054	4,018	8,733
Deferred income	24	5,155	9,617	36,410	42,515
Deferred tax liabilities	22(b)	15,270	13,903	12,334	12,062
		<u>465,307</u>	<u>417,275</u>	<u>298,406</u>	<u>285,377</u>
Net assets		<u>560,408</u>	<u>646,481</u>	<u>948,468</u>	<u>1,008,652</u>
Capital and reserves					
Paid-in capital	25	138,000	—	—	—
Share capital		—	361,560	434,920	434,920
Reserves		<u>393,322</u>	<u>229,383</u>	<u>430,037</u>	<u>482,689</u>
Equity attributable to equity shareholders of the Company		<u>531,322</u>	<u>590,943</u>	<u>864,957</u>	<u>917,609</u>
Non-controlling interests		<u>29,086</u>	<u>55,538</u>	<u>83,511</u>	<u>91,043</u>
Total equity		<u>560,408</u>	<u>646,481</u>	<u>948,468</u>	<u>1,008,652</u>

Approved and authorised for issue by the Board of Directors on 31 December 2024.

Chen Feng
Director

Bai Lin
Director

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December			As at 30 June
		2021	2022	2023	2024
	Note	RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets					
Property, plant and equipment		2,757	2,282	2,175	2,055
Right-of-use assets		1,607	964	321	—
Intangible assets		—	—	4,464	4,225
Investments in subsidiaries.	15	414,473	445,979	479,320	479,320
Deferred tax assets		3,116	455	54	—
		421,953	449,680	486,334	485,600
Current assets					
Trade and other receivables	17	184,474	289,976	370,704	498,766
Cash and cash equivalents	18	171,340	83,442	93,983	108,367
		355,814	373,418	464,687	607,133
Current liabilities					
Loans and borrowings	19	290,000	330,000	140,000	153,000
Trade and other payables	20	182,431	70,147	143,630	203,771
Lease liabilities		680	711	216	—
Income tax payables		—	—	1,046	6,852
		473,111	400,858	284,892	363,623
Net current (liabilities)/assets . . .		(117,297)	(27,440)	179,795	243,510
Total assets less current liabilities		304,656	422,240	666,129	729,110

The accompanying notes form part of the Consolidated Financial Information.

		As at 31 December			As at 30 June
		2021	2022	2023	2024
	Note	RMB '000	RMB '000	RMB '000	RMB '000
Non-current liabilities					
Lease liabilities		927	216	—	—
Deferred tax liabilities		402	241	80	—
		1,329	457	80	—
Net assets		303,327	421,783	666,049	729,110
Capital and reserves					
	25				
Paid-in capital		138,000	—	—	—
Share capital		—	361,560	434,920	434,920
Reserves		165,327	60,223	231,129	294,190
Total equity		303,327	421,783	666,049	729,110

Approved and authorised for issue by the Board of Directors on 31 December 2024.

Chen Feng
Director

Bai Lin
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Paid-in capital	Capital reserve	PRC		Retained earnings	Sub-total		
				statutory reserves	Other reserve				
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note 25(c))	(Note 25(e)(i))	(Note 25(e)(ii))	(Note 25(e)(iii))				
Balance at 1 January 2021		138,000	3,160	13,103	15,422	276,034	445,719	23,938	469,657
Profit/(loss) for the year		—	—	—	—	129,651	129,651	(2,761)	126,890
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income.		—	—	—	—	129,651	129,651	(2,761)	126,890
Capital contribution from non-controlling interests.		—	—	—	—	—	—	14,400	14,400
Capital contribution from the parent company		—	2,800	—	—	—	2,800	—	2,800
Acquisition of non-controlling interests		—	2,546	—	—	—	2,546	(6,491)	(3,945)
Appropriation to statutory reserves	25(e)(ii)	—	—	11,624	—	(11,624)	—	—	—
Profit distribution	25(b)	—	—	—	—	(49,394)	(49,394)	—	(49,394)
Safety production fund	25(e)(iii)	—	—	—	2,141	(2,141)	—	—	—
Balance at 31 December 2021		138,000	8,506	24,727	17,563	342,526	531,322	29,086	560,408

The accompanying notes form part of the Consolidated Financial Information.

Attributable to equity shareholders of the Company										
				PRC					Non-	
	Paid-in	Capital	Share	Share	statutory	Other	Retained		controlling	Total
	capital	reserve	capital	premium	reserves	reserve	earnings	Sub-total	interests	equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note	(Note	(Note	(Note	(Note	(Note				
	25(c))	25(e)(i))	25(d))	25(d))	25(e)(ii))	25(e)(iii))				
Balance at 1 January 2022 . . .	138,000	8,506	—	—	24,727	17,563	342,526	531,322	29,086	560,408
Profit for the year	—	—	—	—	—	—	75,881	75,881	16,502	92,383
Other comprehensive income . . .	—	—	—	—	—	—	—	—	—	—
Total comprehensive income . . .	—	—	—	—	—	—	75,881	75,881	16,502	92,383
Issue of ordinary shares upon conversion into a joint stock limited liability company	25(d)	(138,000)	(1,686)	361,560	57,777	(24,727)	—	(254,924)	—	—
Capital contribution from non-controlling interests		—	—	—	—	—	—	—	9,950	9,950
Capital contribution from the parent company		—	7,200	—	—	—	—	7,200	—	7,200
Appropriation to statutory reserves	25(e)(ii)	—	—	—	—	—	—	—	—	—
Profit distribution	25(b)	—	—	—	—	—	(23,460)	(23,460)	—	(23,460)
Safety production fund	25(d)(iii)	—	—	—	—	6,218	(6,218)	—	—	—
Balance at 31 December 2022 . . .	—	14,020	361,560	57,777	—	23,781	133,805	590,943	55,538	646,481

The accompanying notes form part of the Consolidated Financial Information.

		Attributable to equity shareholders of the Company									
		Paid-in	Capital	Share	Share	PRC	Other	Retained	Non-		Total
		capital	reserve	capital	premium	statutory	reserve	earnings	Sub-total	controlling	equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note	(Note	(Note	(Note	(Note	(Note	(Note			
		25(c))	25(e)(i))	25(d))	25(d))	25(e)(ii))	25(e)(iii))				
Balance at 1 January 2023 . . .		—	14,020	361,560	57,777	—	23,781	133,805	590,943	55,538	646,481
Profit for the year		—	—	—	—	—	—	116,953	116,953	26,981	143,934
Other comprehensive income . . .		—	—	—	—	—	—	—	—	—	—
Total comprehensive income . . .		—	—	—	—	—	—	116,953	116,953	26,981	143,934
Issue of ordinary shares to the new shareholders of the Company	25(d)	—	—	73,360	129,532	—	—	—	202,892	—	202,892
Acquisition of non-controlling interests		—	—	—	—	—	—	(492)	(492)	(3,758)	(4,250)
Non-controlling interests arising from establishment of subsidiaries		—	—	—	—	—	—	—	—	4,750	4,750
Deemed distribution		—	(14,020)	—	—	—	—	(1,489)	(15,509)	—	(15,509)
Appropriation to statutory reserves	25(e)(ii)	—	—	—	—	7,120	—	(7,120)	—	—	—
Profit distribution	25(b)	—	—	—	—	—	—	(29,830)	(29,830)	—	(29,830)
Safety production fund	25(e)(iii)	—	—	—	—	—	9,256	(9,256)	—	—	—
Balance at 31 December 2023 . .		—	—	434,920	187,309	7,120	33,037	202,571	864,957	83,511	948,468

The accompanying notes form part of the Consolidated Financial Information.

		Attributable to equity shareholders of the Company							
		PRC					Non-	Total	
		Share	Share	statutory	Other	Retained		controlling	equity
		capital	premium	reserves	reserve	earnings	Sub-total	interests	
Note		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note	(Note	(Note	(Note				
		25(c))	25(d))	25(e)(ii))	25(e)(iii))				
Balance at 1 January 2024		434,920	187,309	7,120	33,037	202,571	864,957	83,511	948,468
Changes in equity for the six months ended									
30 June 2024:									
Profit for the period		—	—	—	—	52,652	52,652	7,532	60,184
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	52,652	52,652	7,532	60,184
Safety production fund	25(e)(iii)	—	—	—	6,754	(6,754)	—	—	—
Balance at 30 June 2024		434,920	187,309	7,120	39,791	248,469	917,609	91,043	1,008,652

The accompanying notes form part of the Consolidated Financial Information.

Attributable to equity shareholders of the Company										
	PRC						Non-			
	Paid-in capital	Capital reserve	Share capital	Share premium	statutory reserves	Other reserve	Retained earnings	Sub-total	controlling interests	Total equity
Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
	(Note 25(c))	(Note 25(e)(i))	(Note 25(d))	(Note 25(d))	(Note 25(e)(ii))	(Note 25(e)(iii))				
(Unaudited)										
Balance at 1 January 2023 . . .	—	14,020	361,560	57,777	—	23,781	133,805	590,943	55,538	646,481
Changes in equity for the six months ended 30 June 2023:										
Profit for the period	—	—	—	—	—	—	38,343	38,343	9,398	47,741
Other comprehensive income . . .	—	—	—	—	—	—	—	—	—	—
Total comprehensive income . . .	—	—	—	—	—	—	38,343	38,343	9,398	47,741
Issue of ordinary shares to the new shareholders of the Company	25(d)	—	—	73,360	129,532	—	—	202,892	—	202,892
Non-controlling interests arising from establishment of subsidiaries		—	—	—	—	—	—	—	4,750	4,750
Deemed distribution		—	(14,020)	—	—	—	(1,489)	(15,509)	—	(15,509)
Profit distribution	25(b)	—	—	—	—	—	(29,830)	(29,830)	—	(29,830)
Safety production fund	25(e)(iii)	—	—	—	—	4,743	(4,743)	—	—	—
Balance at 30 June 2023	—	—	434,920	187,309	—	28,524	136,086	786,839	69,686	856,525

The accompanying notes form part of the Consolidated Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(Unaudited)	
Operating activities:						
Cash generated from/(used in)						
operations	18(b)	290,015	(97,270)	187,084	73,069	44,341
Income tax paid	22(a)	(27,522)	(24,964)	(23,392)	(10,286)	(13,727)
Net cash generated from/(used in)						
operating activities		<u>262,493</u>	<u>(122,234)</u>	<u>163,692</u>	<u>62,783</u>	<u>30,614</u>
Investing activities:						
Payment for purchase of property,						
plant and equipment, construction in						
progress		(584,882)	(277,826)	(69,979)	(48,872)	(43,187)
Payment for purchase of intangible						
assets		—	—	(4,783)	(4,783)	—
Payment for purchase of right-of-use						
assets		(32,098)	—	(16,997)	(7,291)	—
Payment for purchase of financial						
assets measured at FVPL		—	—	(60,000)	(60,000)	(20,000)
Proceeds from disposal of financial						
assets measured at FVPL		—	—	60,153	50,131	20,041
Repayment of amount due from the						
then investor of a subsidiary		39,509	—	—	—	—
Proceeds from disposal of property,						
plant and equipment		<u>270</u>	<u>5,104</u>	<u>63</u>	<u>49</u>	<u>286</u>
Net cash used in investing activities		<u>(577,201)</u>	<u>(272,722)</u>	<u>(91,543)</u>	<u>(70,766)</u>	<u>(42,860)</u>

The accompanying notes form part of the Consolidated Financial Information.

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
Note		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(Unaudited)	
Financing activities:						
Proceeds from loans and borrowings	18(c)	760,067	845,012	681,055	234,073	283,000
Repayments of loans and borrowings	18(c)	(276,982)	(494,317)	(837,555)	(361,899)	(271,749)
Payment for purchase non-controlling interests of subsidiaries		(3,945)	—	(4,250)	—	—
Payment of listing expense		—	—	(4,425)	—	(6,126)
Dividends paid		(49,394)	(23,460)	(29,830)	—	—
Interest paid	18(c)	(16,965)	(30,135)	(31,575)	(17,164)	(13,465)
Capital contribution from equity shareholders		—	—	202,892	202,892	—
Capital contribution from non-controlling interests		14,400	9,950	4,750	4,750	—
Capital contribution from the parent company		2,800	7,200	—	—	—
Deemed distribution	15	—	—	(15,509)	(15,509)	—
Capital element of lease rentals paid	18(c)	(1,569)	(1,672)	(3,072)	(2,142)	(1,734)
Interest element of lease rentals paid	18(c)	(174)	(170)	(284)	(148)	(268)
Net cash generated from/(used in) financing activities		428,238	312,408	(37,803)	44,853	(10,342)
Net increase/(decrease) in cash and cash equivalents		113,530	(82,548)	34,346	36,870	(22,588)
Cash and cash equivalents at the beginning of the year/period		100,775	214,305	131,757	131,757	166,103
Cash and cash equivalents at the end of the year/period	18(a)	214,305	131,757	166,103	168,627	143,515

The accompanying notes form part of the Consolidated Financial Information.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation and presentation of consolidated financial information

Anhui Conch Material Technology Co., Ltd. (安徽海螺材料科技股份有限公司) (the “**Company**”), formerly known as Anhui Conch New Material Technology Company Ltd. (安徽海螺新材料科技有限公司), was incorporated in the People’s Republic of China (the “**PRC**”) as a limited liability company on 28 May 2018, pursuant to a cooperation agreement signed between Anhui Conch Technology Innovation Material Co., Ltd. (“**Conch Tech Innovation**”) and Linyi Haihong New Material Technology Co., Ltd. (“**Linyi Haihong**”).

The Company subsequently acquired Linyi Conch New Material Technology Co., Ltd. (formerly known as Shandong Hongyi Technology Co., Ltd.) and Guizhou Conch New Material Technology Co., Ltd. (formerly known as Guizhou Hongyi Technology Co., Ltd.) in June 2018 as the first step to enter into the cement and concrete admixtures market. The Company further acquired Meishan Conch New Material Technology Co., Ltd. (formerly known as Sichuan Xintongling New Material Co., Ltd.) and Xiangyang Conch New Material Technology Co., Ltd. (formerly known as Hubei Xintongling Wanxiang Technology Co., Ltd.) in October 2018 to build a solid foundation for the Group’s future development. Then the Company established nine subsidiaries to further expand its business in different regions of the PRC and Uzbekistan (“**UZB**”). The Company was converted into a joint stock company with limited liability on 15 July 2022. The detailed information is set forth in the section headed “History and Corporate Development” in the Prospectus of the Company dated 31 December 2024 (the “**Prospectus**”).

On 28 February 2023, the Company entered into a sale and purchase agreement with Anhui Conch Formulation Engineering Technology Co., Ltd. (“**Anhui Formulation Engineering**”), a wholly-owned subsidiary of Conch Tech Innovation, and completed the acquisition of 100% equity interests in Anhui Haicui Industrial Preparations Co., Ltd. (“**Anhui Haicui**”), at a total consideration of RMB15,509,000, which is accounted for as deemed distribution. Accordingly, Anhui Haicui has since become a subsidiary of the Company.

As both the Company and Anhui Haicui are controlled by Conch Tech Innovation before and after the acquisition and the control is not transitory, the acquisition has been regarded as business combination of entities under common control. The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling shareholders.

The assets and liabilities of the combining entities or businesses are combined at the carrying amounts previously recognised in the respectively controlling shareholder’s financial statements. The consolidated statements of profit or loss and comprehensive income and cash flow include the results and cash flow of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of common control combination. The amounts in the consolidated statements of financial position are presented as if the entities or businesses had been combined at the earliest balance sheet date presented or when they first came under common control, whichever is later.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in research and development, production and sales of cement admixture, concrete admixture together with their respective in-process intermediaries. The parent company of the Company is Conch Tech Innovation and the intermediate holding company of the Company is Anhui Conch Group Co., Ltd. (“**Anhui Conch Group**”), both of which are the limited liability companies incorporated in the PRC. The Group is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Anhui Province. The address of the Company’s registered office is No. 1-301, Zone G, Jiangbei New Area Construction Headquarters in Tongjiang Avenue, Wuhu, Anhui Province.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor and periods covered		
			Held by the Company	Held by the subsidiary		31 December 2021	31 December 2022	31 December 2023
Anhui Conch New Material Technology Trading Co., Ltd. 安徽海螺新材料科技貿易有限公司	The PRC 14 April 2022	RMB100,000,000/ RMB10,000,000	100%	—	Trading of cement and concrete admixtures and their respective in-process intermediaries	<i>Note (a)</i>	<i>Note (a)</i>	Da Hua Certified Public Accountants LLP
Kunming Conch New Material Technology Co., Ltd. ("Kunming Conch New Material") 昆明海螺新材料科技有限公司	The PRC 15 September 2020	RMB30,000,000/ RMB30,000,000	100%	—	Research and development ("R&D"), production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Xiangyang Conch New Material Technology Co., Ltd. ("Xiangyang Conch New Material") 襄陽海螺新材料科技有限公司	The PRC 13 October 2020	RMB50,000,000/ RMB50,000,000	100%	—	R&D, production and sales of cement admixtures and its in-process intermediaries, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Meishan Conch New Material Technology Co., Ltd. ("Meishan Conch New Material") 眉山海螺新材料科技有限公司	The PRC 30 July 2018	RMB29,000,000/ RMB29,000,000	100%	—	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Xianyang Conch New Material Technology Co., Ltd. ("Xianyang Conch New Material") 咸陽海螺新材料科技有限公司	The PRC 23 March 2020	RMB30,000,000/ RMB30,000,000	100%	—	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Guizhou Conch New Material Technology Co., Ltd. ("Guizhou Conch New Material") 貴州海螺新材料科技有限公司 (note 12)	The PRC 05 July 2013	RMB2,000,000/ RMB2,000,000	100%	—	R&D, production and sales of cement admixtures	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Linyi Conch New Material Technology Co., Ltd. ("Linyi Conch New Material") 臨沂海螺新材料科技有限公司	The PRC 27 May 1999	RMB67,000,000/ RMB67,000,000	100%	—	R&D, production and sales of cement admixtures and its in-process intermediaries	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities	Name of statutory auditor and periods covered		
			Held by the Company	Held by the subsidiary		31 December 2021	31 December 2022	31 December 2023
Ningbo Conch New Material Technology Co., Ltd. 寧波海螺新材料科技有限公司	The PRC 15 July 2019	RMB180,000,000/ RMB180,000,000	90%	—	R&D, production and sales of cement admixture and concrete admixture and their respective in-process intermediaries	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Tongling Conch New Material Technology Co., Ltd. 桐陵海螺新材料科技有限公司	The PRC 02 June 2020	RMB30,000,000/ RMB30,000,000	80%	—	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Qinghai Conch Jingyuan New Material Technology Co., Ltd. 青海海龍金園新材料科技有限公司	The PRC 24 February 2022	RMB5,000,000/ RMB5,000,000	51%	—	R&D, production and sales of cement and concrete admixtures	Note (a)	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Guigang Conch TCC New Material Technology Co., Ltd. ("Guigang Conch New Material") 貴港海龍台泥新材料科技有限公司	The PRC 14 August 2020	RMB24,000,000/ RMB24,000,000	60%	—	R&D, production and sales of cement admixtures, concrete admixtures and polycarboxylic acid mother liquor	Zhonghua Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Huludao Haizhong New Material Technology Co., Ltd. ("Huludao Haizhong") 葫蘆島海中新材料科技有限公司	The PRC 10 October 2022	RMB25,000,000/ RMB25,000,000	68%	—	Production and sales of cement and concrete admixtures	Note (a)	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Anhui Haicui Industrial Preparation Co., Ltd. 安徽海萃工業製劑有限公司	The PRC 13 August 2021	RMB10,000,000/ RMB10,000,000	100%	—	Production and sales of grinding aids for quality intelligent monitoring system	RSM China Certified Public Accountants LLP	RSM China Certified Public Accountants LLP	Da Hua Certified Public Accountants LLP
Toshkent Conch New Material Technology Co., Ltd * 塔什幹海螺新材料科技外國企業有限責任公司	The UZB 1 May 2024	RMB16,000,002.85/ RMB 0	100%	—	Production and sales of grinding aids for quality intelligent monitoring system	Note (a)	Note (a)	Note (a)

Notes:

- (a) No statutory financial statements have been prepared for the relevant entities as they have not yet been established in the relevant years.
- (b) The official names of these entities are in Chinese and Uzbekistan. The English translations are for identification purpose only.
- (c) Guizhou Conch New Material was deregistered on 23 November 2023.
- All companies now comprising the Group have adopted 31 December as their financial year end date.

The consolidated financial statements has been prepared in accordance with all applicable IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). As the Group’s first consolidated financial statements prepared in accordance with IFRSs, IFRS 1 “First-time Adoption of International Financial Reporting Standards” has been applied save for certain presentation and disclosure provisions therein. The date of transition to IFRSs was 1 January 2021. Further details of the material accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this consolidated financial statements, the Group has adopted all applicable new and revised IFRSs consistently for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the “Relevant Periods”), except for any new and revised standards that are not yet effective for the accounting period beginning 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2024 are set out in Note 29.

The consolidated financial statements also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies set out below have been applied consistently to all period presented in the consolidated financial statements.

The stub period corresponding financial information of the Group comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months 30 June 2023 and other explanatory information (the “Stub Period Corresponding Financial Information”). The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain financial instruments and bills receivable are stated at their fair value as explained in Note 2(e) and 2(l).

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “**Functional Currency**”). The Consolidated Financial Information is presented in Renminbi (“**RMB**”), rounded to the nearest thousand except for earnings per share information.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

(d) Goodwill

Goodwill represents the excess of

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

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

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

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

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

(i) *Non-equity investments*

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

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

(f) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

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

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

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

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	<u>Useful life</u>
Plant and buildings	30 years
Machinery and equipment	5–15 years
Motor vehicles	5–15 years
Office and other equipment	5 years

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

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses (see Note 2(i)(ii)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

(g) **Intangible assets (other than goodwill)**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)).

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

	<u>Useful life</u>
Pollutant discharge licences	5 years
Patent	10 years

Patents are capitalised on the basis of the cost incurred to acquire and bring to use the specific patent. The patents relate to admixture production technologies developed by the Group. The useful lives of the patents were estimated by the Group based on the respective periods over which economic benefits are expected to be derived from the underlying technologies. The estimation of the useful lives has taken into account the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition. Based on the different production commencement dates and the expected lifespan of economic benefits of individual technologies, the useful lives of the Group's patents have been assessed to 10 years.

Both the period and method of amortisation are reviewed annually.

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(h) **Leased assets**

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

(i) *As a lessee*

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

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

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs

to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset are subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

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

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

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

(i) **Credit losses and impairment of assets**

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

Significant increases in credit risk

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

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

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

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

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

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or past due event;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

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

independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

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

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

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

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

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

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

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

(k) Contract liabilities

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

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

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

(l) Trade and other receivables

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

Except for certain bills receivable measured at FVOCI, receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

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

(n) Trade and other payables

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

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(t)).

(p) Employee benefits

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

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

(ii) Termination benefits

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

(q) Income tax

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

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

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

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

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

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

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

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

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

(r) Provisions and contingent liabilities

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

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

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

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

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

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

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

(i) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers within 30 days to 120 days upon customer acceptance. The Group take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where the grant relates to an asset, the grant received is credited to a deferred income account and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

(t) Borrowing costs

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

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

(u) Related parties

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

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

(v) Segment reporting

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

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Sources of estimation uncertainty

(i) *Expected credit losses for receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) *Depreciation and amortisation*

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

(iii) *Inventories*

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the research and development, production and sales of cement admixture, concrete admixture together with their respective in-process intermediaries.

(i) *Disaggregation of revenue*

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue from contracts with customers within the scope of IFRS15 and recognised at a point in time					
— Cement admixture and in-process intermediaries .	1,449,680	1,357,840	1,427,725	630,872	618,373
— Concrete admixture and in-process intermediaries .	84,753	460,424	962,520	399,973	482,760
— Others	3,092	21,325	5,226	4,690	2,257
	<u>1,537,525</u>	<u>1,839,589</u>	<u>2,395,471</u>	<u>1,035,535</u>	<u>1,103,390</u>

The Group customers base is diversified. There was only one customer of which the revenue from it accounted for 10% or more of the Group's revenue for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 respectively, and the revenue from this customer amounted to approximately RMB807,858,000, RMB765,107,000, RMB762,420,000, RMB338,240,000 (unaudited), RMB338,584,000 respectively.

The Group applies the practical expedient in paragraph 121(a) of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) **Segment reporting**

(i) *Disaggregation of revenue*

Information reported to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on admixture product. Resources are allocated based on what is beneficial for the Group in enhancing its admixture product activities as a whole rather than any specific products. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, *Operating segments*.

(ii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers at which the services were provided or the goods were delivered. All of the Group's revenue from external customers is from the PRC. The geographical location of the specified non-current assets (primarily property, plant and equipment, right-of-use assets and intangible assets) is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill. During the Relevant Periods, all of the Group's specified non-current assets are physically located in the PRC.

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Mainland China.	1,537,525	1,839,589	2,395,471	1,035,535	1,103,075
Asia (except Mainland China)	—	—	—	—	315
	<u>1,537,525</u>	<u>1,839,589</u>	<u>2,395,471</u>	<u>1,035,535</u>	<u>1,103,390</u>

5 OTHER NET INCOME

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest income on bank deposits and cash at bank	2,971	1,941	1,795	833	780
Government grants (i)	7,164	3,835	11,838	3,702	9,586
Net loss on disposal of property, plant and equipment.	(21)	(46)	(65)	(13)	(28)
Net gain arising from financial assets measured at FVPL.	—	—	153	134	41
Others	807	593	(82)	384	729
	<u>10,921</u>	<u>6,323</u>	<u>13,639</u>	<u>5,040</u>	<u>11,108</u>

(i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the admixture products in the respective PRC cities.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on loans and borrowings (Note 18(c)).	17,255	31,458	30,602	16,296	13,386
Interest on lease liabilities (Note 18(c))	174	170	284	148	268
Less: interest expense capitalised into construction in progress*.	(7,356)	(7,882)	(601)	(601)	—
	<u>10,073</u>	<u>23,746</u>	<u>30,285</u>	<u>15,843</u>	<u>13,654</u>

* For the years ended 31 December 2021, 2022 and 2023, the borrowing costs were capitalised at the rate range from 3.52% to 3.75%, 3.32% to 3.75% and a rate of 3.32% per annum respectively.

(b) Staff costs:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Salaries, wages and other benefits.	135,897	173,498	186,853	92,503	97,307
Contributions to defined contribution plans (i).	11,928	14,676	17,325	8,287	9,730
	<u>147,825</u>	<u>188,174</u>	<u>204,178</u>	<u>100,790</u>	<u>107,037</u>

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Cost of inventories [#]	1,115,690	1,413,945	1,743,844	802,645	807,867
Depreciation of owned property, plant and equipment.	13,439	39,426	60,990	29,245	31,659
Depreciation of right-of-use assets	4,496	5,290	6,054	2,918	3,593
Amortisation of intangible assets	2,050	2,050	2,370	1,105	1,264
Loss allowance (reversal)/recognised for trade receivables	(2,556)	10,058	14,590	(20)	2,029
Short-term lease payments not included in the measurement of lease liabilities	588	867	1,338	716	511
Listing expenses	—	—	3,375	—	1,240
Auditors' remuneration	201	354	179	90	92
	<u>1,123,408</u>	<u>1,472,930</u>	<u>1,772,340</u>	<u>836,694</u>	<u>856,163</u>

[#] For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, cost of inventories includes RMB25,280,000, RMB61,240,000, RMB83,315,000, RMB40,667,000 (unaudited) and RMB39,882,000, respectively relating to staff costs and depreciation and amortisation 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.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

(a) Current taxation in the consolidated statements of profit and loss represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	
Current tax:					
Provision for the year	28,906	23,677	27,804	9,030	18,138
(Over)/under provision in respect of prior years/period	(988)	2,690	1,035	1,144	(1,762)
	27,918	26,367	28,839	10,174	16,376
Deferred tax:					
Origination and reversal of temporary differences (Note 22(b))	(4,510)	(9,106)	(2,744)	705	(3,615)
Effect on deferred tax balances at 1 January resulting from a change in tax rate (note 22(b))	—	—	—	—	(2,134)
	23,408	17,261	26,095	10,879	10,627

- (i) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the PRC income tax law, all of the Company's PRC subsidiaries are liable to PRC income tax at a rate of 25% except for Linyi Conch New Material, which is entitled to a preferential income tax rate of 15% during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, as it is certified as "High and New Technology Enterprise" ("HNTE"). According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

- (ii) Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying industries these entities operated in western areas in the PRC during the years ended 31 December 2021, 2022 and 2023. However, these subsidiaries are liable to PRC income tax at a rate of 25% for the year ending 31 December 2024 due to the change on new catalog of encouraged industries released by National Development and Reform Commission.

- (iii) Effect from 1 January 2021 to 30 September 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations. Effective from 1 October 2022 to 30 June 2024, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the Enterprise Income Tax (the "EIT") law and its relevant regulations.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before taxation	150,298	109,644	170,029	58,620	70,811
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	37,253	26,241	40,357	13,533	17,028
Tax effect of non-deductible expenses	1,183	2,134	2,954	1,585	1,079
Super-deduction of research and development expenses	(5,221)	(5,514)	(6,580)	(2,898)	(2,973)
Effect on deferred tax balances at 1 January resulting from a change in tax rate (note 7(a)(ii))	—	—	—	—	(2,134)
Statutory tax concession	(8,819)	(8,290)	(11,671)	(2,485)	(611)
(Over)/under provision in prior years/period	(988)	2,690	1,035	1,144	(1,762)
Actual tax expense.	23,408	17,261	26,095	10,879	10,627

8 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Relevant Periods are disclosed as follows:

Year ended 31 December 2021

	Notes	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:						
Mr. Xu Gengyou	(i)	—	461	783	32	1,276
Mr. Li Qunfeng	(ii)	—	—	—	—	—
Mr. Zhao Hongyi	(iii)	—	—	—	—	—
Mr. Feng Fangbo	(iii)	—	—	—	—	—
Mr. Ding Feng	(iv)	—	—	—	—	—
Supervisor:						
Mr. Lu Shumin	(x)	—	—	—	—	—
Mr. Chen Jun	(xi)	—	—	—	—	—
Mr. Wang Shangpu	(xi)	—	340	179	37	556
		—	801	962	69	1,832

Year ended 31 December 2022

		Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Total
	Notes	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Directors:						
Mr. Xu Gengyou	(i)	—	665	659	37	1,361
Mr. Li Qunfeng	(ii)	—	—	—	—	—
Mr. Zhao Hongyi	(iii)	—	—	—	—	—
Mr. Feng Fangbo	(iii)	—	—	—	—	—
Mr. Ding Feng	(iv)	—	—	—	—	—
Mr. Wu Tiejun	(v)	—	—	—	—	—
Mr. Chen Feng	(vi)	—	585	653	40	1,278
Mr. Bai Lin	(vi)	—	431	414	40	885
Supervisor:						
Mr. Lu Shumin	(x)	—	—	—	—	—
Mr. Yue Jian	(xii)	—	—	—	—	—
Mr. Chen Jun	(xi)	—	—	—	—	—
Ms. Jin Xiaoli	(xii)	—	235	193	36	464
Mr. Wang Shangpu	(xi)	—	184	214	21	419
		—	2,100	2,133	174	4,407

Year ended 31 December 2023

		Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Total
	Notes	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Non-executive directors:						
Mr. Ding Feng	(iv)	—	—	—	—	—
Mr. Feng Fangbo	(iii)	—	—	—	—	—
Mr. Zhao Hongyi	(iii)	—	—	—	—	—
Mr. Jin Feng	(vii)	—	—	—	—	—
Mr. Fan Haibin	(vii)	—	—	—	—	—
Executive directors:						
Mr. Xu Gengyou	(i)	—	345	603	—	948
Mr. Chen Feng	(vi)	—	488	705	38	1,231
Mr. Bai Lin	(vi)	—	352	395	38	785
Independent non-executive directors:						
Mr. Li Jiang	(viii)	—	—	—	—	—
Mr. Chen Jiemiao	(viii)	—	—	—	—	—
Mr. Xu xu	(ix)	—	—	—	—	—
Mr. Zeng Xiangfei	(ix)	—	—	—	—	—
Supervisor:						
Mr. Lu Shumin	(x)	—	—	—	—	—
Mr. Yue Jian	(xii)	—	—	—	—	—
Ms. Jin Xiaoli	(xii)	—	257	188	38	483
		—	1,442	1,891	114	3,447

Six months ended 30 June 2024

		Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Total
	Notes	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Non-executive directors:						
Mr. Ding Feng	(iv)	—	—	—	—	—
Mr. Feng Fangbo	(iii)	—	—	—	—	—
Mr. Zhao Hongyi	(iii)	—	—	—	—	—
Mr. Jin Feng	(vii)	—	—	—	—	—
Mr. Fan Haibin	(vii)	—	—	—	—	—
Executive directors:						
Mr. Chen Feng	(i)	—	262	352	19	633
Mr. Bai Lin	(vi)	—	181	198	19	398
Independent non-executive directors:						
Mr. Li Jiang	(viii)	—	—	—	—	—
Mr. Chen Jiemiao	(viii)	—	—	—	—	—
Mr. Xu xu	(ix)	—	—	—	—	—
Mr. Zeng Xiangfei	(ix)	—	—	—	—	—
Supervisor:						
Mr. Lu Shumin	(x)	—	—	—	—	—
Mr. Yue Jian	(xii)	—	—	—	—	—
Ms. Jin Xiaoli	(xii)	—	138	94	19	251
		—	581	644	57	1,282

Six months ended 30 June 2023 (unaudited)

		Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Total
	Notes	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Non-executive directors:						
Mr. Ding Feng	(iv)	—	—	—	—	—
Mr. Feng Fangbo	(iii)	—	—	—	—	—
Mr. Zhao Hongyi	(iii)	—	—	—	—	—
Mr. Jin Feng	(vii)	—	—	—	—	—
Mr. Fan Haibin	(vii)	—	—	—	—	—
Executive directors:						
Mr. Xu Gengyou	(i)	—	262	357	—	619
Mr. Chen Feng	(vi)	—	296	331	18	645
Mr. Bai Lin	(vi)	—	177	201	18	396
Independent non-executive directors:						
Mr. Li Jiang	(viii)	—	—	—	—	—
Mr. Chen Jiemiao	(viii)	—	—	—	—	—
Mr. Xu xu	(ix)	—	—	—	—	—
Mr. Zeng Xiangfei	(ix)	—	—	—	—	—
Supervisor:						
Mr. Lu Shumin	(x)	—	—	—	—	—
Mr. Yue Jian	(xii)	—	—	—	—	—
Ms. Jin Xiaoli	(xii)	—	128	92	17	237
		—	863	981	53	1,897

Notes:

- (i) Mr. Xu Gengyou was appointed as a director of the Company on 22 May 2018 and re-designated as an executive director on 15 November 2023. Mr. Xu Gengyou retired and resigned as the executive director on 30 November 2023.
- (ii) Mr. Li Qunfeng was appointed as a director of the Company on 28 May 2018 and resigned as director on 22 February 2022. During the years ended 31 December 2021 and 2022 before his resignation, Mr. Li Qunfeng was not paid directly by the Group but received remuneration from a shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder. No apportionment has been made as the qualifying service provided by Mr. Li to the Group is incidental to his responsibility to the shareholder.
- (iii) Mr. Zhao Hongyi and Mr. Feng Fangbo were appointed as the non-executive directors of the Company on 22 May 2018 and 28 November 2018, respectively. During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, Mr. Zhao Hongyi and Mr. Feng Fangbo were not paid directly by the Group but received remuneration from shareholders of the Company or its related parties other than the Group respectively, in respect of the services they provided to these shareholders and their related parties. No apportionment has been made as the qualifying service provided by them to the Group is incidental to their responsibility to the shareholders.
- (iv) Mr. Ding Feng was appointed as a director of the Company on 22 May 2018 and re-designated as a non-executive director on 15 November 2023. During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, Mr. Ding Feng was not paid directly by the Group but received remuneration from shareholders of the Company or its related parties other than the Group, in respect of the services they provided to these shareholders and its related parties. No apportionment has been made as the qualifying service provided by him to the Group is incidental to his responsibility to the shareholders.
- (v) Mr. Wu Tiejun was appointed as a director of the Company on 22 February 2022 and resigned as director on 1 July 2022. Mr. Wu Tiejun was not paid directly by the Group but received remuneration from a shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder. No apportionment has been made as the qualifying service provided by Mr. Wu to the Group is incidental to his responsibility to the shareholder.
- (vi) Mr. Chen Feng and Mr. Bai Lin were appointed as directors of the Company on 1 July 2022 and re-designated as the executive directors on 15 November 2023.
- (vii) Mr. Jin Feng and Mr. Fan Haibin were appointed as the non-executive directors of the Company on 15 November 2023.
- (viii) Mr. Li Jiang and Mr. Chen Jiemiao were appointed as the independent directors on 12 January 2023 and re-designated as the independent non-executive directors on 15 November 2023.
- (ix) Mr. Xu xu and Mr. Zeng Xiangfei were appointed as the independent non-executive directors on 15 November 2023.
- (x) Mr. Lu Shumin was appointed as a supervisor of the Company on 22 May 2018. Mr. Lu Shumin was not paid directly by the Group but received remuneration from a shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder.
- (xi) Mr. Chen Jun and Mr. Wang Shangpu were appointed as the supervisors of the Company on 22 May 2018 and resigned on 1 July 2022. Mr. Chen Jun was not paid directly by the Group but received remuneration from a shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder.
- (xii) Ms. Jin Xiaoli and Mr. Yue Jian were appointed as the supervisors of the Company on 1 July 2022. Mr. Yue Jian was not paid directly by the Group but received remuneration from a shareholder of the Company or its related parties other than the Group, in respect of the service to the shareholder.

The emoluments shown above represent emoluments received by these directors in the capacity as directors/employees of the companies comprising the Group during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Relevant Periods, of the five individuals with the highest emoluments, one, three, one, one and one are directors, whose emoluments are disclosed in Note 8 for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024. The aggregate of the emoluments in respect of the remaining four, two, four, four and four individuals for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> (Unaudited)	<i>RMB '000</i>
Salaries, allowances and benefits in kind	1,798	1,044	2,265	985	1,231
Discretionary bonuses	2,236	1,138	2,227	1,114	1,113
Contributions to retirement benefit schemes	126	78	151	58	78
	<u>4,160</u>	<u>2,260</u>	<u>4,643</u>	<u>2,157</u>	<u>2,422</u>

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (Unaudited)	<i>Number of individuals</i>
Hong Kong Dollar ("HKD")					
Nil-500,000	—	—	—	—	—
500,001-1,000,000	—	—	—	—	—
1,000,001-1,500,000	4	2	4	4	4

10 EARNINGS PER SHARE

(a) Basic earnings per share

As set out in Note 1, the Company was converted from a limited liability company into a joint stock company with limited liability on 15 July 2022. By reference to the Company's net asset value on 30 April 2022, amounting to RMB419,337,000 were converted into 361,560,000 ordinary shares with a par value of RMB1 each. For the purpose of determining basic and diluted earnings per share, the number of shares in issue before the Company's conversion into a joint stock limited liability company were deemed to be the weighted average number of ordinary shares as if the above conversion had occurred on 1 January 2021 at the conversion ratio established in July 2022.

In addition, the weighted average number of ordinary shares during the Relevant Periods has been adjusted retrospectively to reflect a subdivision of shares on 1:0.862219 that the Company's board of directors has approved on 30 June 2022 as set out in Note 25(d).

The basic earnings per share for the Relevant Periods are calculated as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Profit attributable to equity shareholders of the Company for the year (in RMB'000).	129,651	75,881	116,953	38,343	52,652
Weighted average number of ordinary shares (in '000)	361,560	361,560	428,807	422,693	434,920
Basic earnings per share (in RMB)	0.36	0.21	0.27	0.09	0.12

Weighted average number of ordinary shares:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
				(Unaudited)	
Issued ordinary shares at beginning of year/period (Note 25(d))	361,560	361,560	361,560	361,560	434,920
Effect of ordinary shares issued (Note 25(d)(ii))	—	—	67,247	61,133	—
Weighted average number of ordinary shares at end of the year	361,560	361,560	428,807	422,693	434,920

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, respectively, therefore, diluted earnings per share is the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Construction in progress	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Cost:						
At 1 January 2021	73,364	113,988	7,420	8,570	71,690	275,032
Additions	324	10,608	1,190	4,115	554,422	570,659
Transfer from construction in progress	102,261	95,897	—	5,336	(203,494)	—
Disposals.	(43)	(165)	(428)	(130)	—	(766)
At 31 December 2021 and 1 January 2022	175,906	220,328	8,182	17,891	422,618	844,925
Additions	990	5,423	3,518	12,088	258,460	280,479
Transfer from construction in progress	274,751	354,950	412	3	(630,116)	—
Disposals.	—	(3,645)	(155)	(1,556)	—	(5,356)
At 31 December 2022 and 1 January 2023	451,647	577,056	11,957	28,426	50,962	1,120,048
Additions	481	7,607	636	7,797	54,066	70,587
Transfer from construction in progress	48,386	39,941	—	369	(88,696)	—
Disposals.	—	(103)	—	(374)	—	(477)
At 31 December 2023 and 1 January 2024	500,514	624,501	12,593	36,218	16,332	1,190,158
Additions	199	1,495	256	831	15,035	17,816
Transfer from construction in progress	20,964	8,982	—	280	(30,226)	—
Disposals.	(124)	(33)	—	(295)	—	(452)
At 30 June 2024	521,553	634,945	12,849	37,034	1,141	1,207,522

	Plant and buildings	Machinery and equipment	Office and other equipment	Motor vehicles	Construction in progress	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Accumulated depreciation:						
At 31 December 2020 and 1 January 2021	(21,208)	(36,376)	(2,993)	(3,766)	—	(64,343)
Charge for the year	(2,987)	(7,779)	(1,033)	(1,640)	—	(13,439)
Written back on disposals	41	55	336	43	—	475
At 31 December 2021 and 1 January 2022	(24,154)	(44,100)	(3,690)	(5,363)	—	(77,307)
Charge for the year	(9,327)	(24,662)	(1,392)	(4,045)	—	(39,426)
Written back on disposals	—	113	7	86	—	206
At 31 December 2022 and 1 January 2023	(33,481)	(68,649)	(5,075)	(9,322)	—	(116,527)
Charge for the year	(14,846)	(38,762)	(1,860)	(5,522)	—	(60,990)
Written back on disposals	—	80	—	269	—	349
At 31 December 2023 and 1 January 2024	(48,327)	(107,331)	(6,935)	(14,575)	—	(177,168)
Charge for the period	(7,807)	(20,065)	(833)	(2,954)	—	(31,659)
Written back on disposals	124	11	—	3	—	138
At 30 June 2024	(56,010)	(127,385)	(7,768)	(17,526)	—	(208,689)
Net book value:						
At 31 December 2021	151,752	176,228	4,492	12,528	422,618	767,618
At 31 December 2022	418,166	508,407	6,882	19,104	50,962	1,003,521
At 31 December 2023	452,187	517,170	5,658	21,643	16,332	1,012,990
At 30 June 2024	465,543	507,560	5,081	19,508	1,141	998,833

12 RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of each reporting period is as follows:

	<i>Note</i>	As at 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> (Unaudited)	<i>RMB '000</i>
Properties leased for own use, carried at depreciated cost	(i)	5,836	4,151	6,946	7,335	11,722
Leasehold land for own use, carried at depreciated cost	(ii)	164,722	161,117	174,333	166,587	172,342
		<u>170,558</u>	<u>165,268</u>	<u>181,279</u>	<u>173,922</u>	<u>184,064</u>

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i> (Unaudited)	<i>RMB '000</i>
Depreciation charge of right-of-use assets by class of underlying asset: . .	1,195	1,685	2,273	1,097	1,602
Leasehold land for own use, carried at depreciated cost	3,301	3,605	3,781	1,821	1,991
	<u>4,496</u>	<u>5,290</u>	<u>6,054</u>	<u>2,918</u>	<u>3,593</u>
Interest on lease liabilities (<i>Note 6(a)</i>) . .	174	170	284	148	268
Expenses relating to short-term leases . .	588	867	1,338	716	511

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(d) and Note 23 respectively.

(i) Properties leased for own use

The Group has obtained the right to use properties as its office buildings through tenancy agreements. The leases typically run for an initial period of 2 to 20 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

(ii) Leasehold land for own use

	Other leasehold land for own use
	<i>RMB '000</i>
Cost:	
At 1 January 2021	141,827
Additions	32,098
At 31 December 2021 and 1 January 2022	173,925
Additions	—
At 31 December 2022 and 1 January 2023	173,925
Additions	16,997
At 31 December 2023 and 1 January 2024	190,922
Additions	—
At 30 June 2024	190,922
Accumulated depreciation:	
At 1 January 2021	(5,902)
Charge for the year.	(3,301)
At 31 December 2021 and 1 January 2022	(9,203)
Charge for the year.	(3,605)
At 31 December 2022 and 1 January 2023	(12,808)
Charge for the year.	(3,781)
At 31 December 2023 and 1 January 2024	(16,589)
Charge for the period	(1,991)
At 30 June 2024	(18,580)
Net book value:	
At 31 December 2021	164,722
At 31 December 2022	161,117
At 31 December 2023	174,333
At 30 June 2024	172,342

The Group has obtained land use rights in the PRC with lease period of no more than 50 years when granted.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no leasehold land for own use was pledged as collaterals for bank loans.

13 INTANGIBLE ASSETS

	Pollutant discharge licenses	Patents	Total
	RMB '000	RMB '000	RMB '000
Cost:			
At 1 January 2021	400	23,365	23,765
Additions	—	—	—
At 31 December 2021 and 1 January 2022	400	23,365	23,765
Additions	—	—	—
At 31 December 2022 and 1 January 2023	400	23,365	23,765
Additions	—	4,783	4,783
At 31 December 2023 and 1 January 2024	400	28,148	28,548
Additions	—	—	—
At 30 June 2024	400	28,148	28,548
Accumulated amortisation:			
At 1 January 2021	(33)	(8,195)	(8,228)
Charge for the year	(80)	(1,970)	(2,050)
At 31 December 2021 and 1 January 2022	(113)	(10,165)	(10,278)
Charge for the year	(80)	(1,970)	(2,050)
At 31 December 2022 and 1 January 2023	(193)	(12,135)	(12,328)
Charge for the year	(80)	(2,290)	(2,370)
At 31 December 2023 and 1 January 2024	(273)	(14,425)	(14,698)
Charge for the period	(40)	(1,224)	(1,264)
At 30 June 2024	(313)	(15,649)	(15,962)
Net book value:			
At 31 December 2021	287	13,200	13,487
At 31 December 2022	207	11,230	11,437
At 31 December 2023	127	13,723	13,850
At 30 June 2024	87	12,499	12,586

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Cost	28,691	28,691	28,691	28,691
Accumulated impairment loss	—	—	—	—
Total	28,691	28,691	28,691	28,691

Goodwill was arisen from the Group's acquisition of Xiangyang Conch New Material, Meishan Conch New Material, Linyi Conch New Material and Guizhou Conch New Material in 2018.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generation units ("CGU") by region as follows:

Name of CGU	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Linyi region	10,312	10,312	10,312	10,312
Guizhou region	114	114	114	114
Meishan region	2,950	2,950	2,950	2,950
Xiangyang region	15,315	15,315	15,315	15,315
Total	28,691	28,691	28,691	28,691

The recoverable amounts of the respective CGUs are determined based on the value-in-use ("VIU") calculation. As at 31 December 2021, 2022 and 2023 and 30 June 2024, these calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment of the relevant region. Key assumptions are set out as follows:

	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
Annual growth rate of revenue for forecast period (note (i))	1.0%–6.3%	1.0%–6.3%	2.0%–4.1%	2.0%–6.8%
Long-term growth rate	0%	0%	0%	0%
Pre-tax discount rate	13.8%–15.4%	14.1%–15.5%	13.0%–15.1%	13.5%–15.6%

- (i) The basis used to determine the value assigned to the annual growth rate of revenue is based on the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

The headroom measured by the excess of the recoverable amount over the carrying amount of each CGU as at 31 December 2021, 2022 and 2023 and 30 June 2024 were set out below:

Name of CGU	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Linyi region	49,884	72,332	69,181	33,396
Guizhou region	27,249	27,417	50,571	33,437
Meishan region	84,989	59,265	22,930	35,571
Xiangyang region	108,108	129,295	82,557	48,839

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following sensitivity analysis illustrates the impact of reasonable possible changes in each of these factors on the headroom for each CGU respectively as at 31 December 2021, 2022 and 2023 and 30 June 2024:

	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Decrease in annual sales growth rate by two percentage point				
— Linyi region	44,155	47,181	19,001	27,540
— Guizhou region	3,872	6,049	5,153	10,865
— Meishan region	41,683	32,664	5,735	9,912
— Xiangyang region	61,674	54,319	57,803	27,665
Increase in pre-tax discount rate by two percentage point				
— Linyi region	26,072	27,022	26,518	20,233
— Guizhou region	4,798	4,803	8,541	5,893
— Meishan region	19,380	15,429	10,020	11,400
— Xiangyang region	33,625	33,578	31,824	31,482

The management of the Group considered that reasonably possible change in the key assumptions above would not cause each of the CGU's carrying amount at 31 December 2021, 2022 and 2023 and 30 June 2024 to exceed its recoverable amount, respectively. The management of the Group determined that there was no impairment of these CGUs.

15 INVESTMENTS IN SUBSIDIARIES

The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Cost	414,473	445,979	479,320	479,320
Accumulated impairment loss	—	—	—	—
Total	414,473	445,979	479,320	479,320

On February 2023, the Company entered into a sale and purchase agreement with a fellow subsidiary to acquire the 100% equity interests in Anhui Haicui at the consideration of RMB15,509,000, which was regarded as the business combination under common control. The cost of investment was determined based on the carrying amount of Anhui Haicui's net assets at the acquisition date. Accordingly, the Company recorded an amount of RMB10,000,000, being the total paid-in capital issued by Anhui Haicui on the acquisition date, as investment in subsidiary. The excess of the consideration over the cost of investment in the subsidiary was recorded in reserve.

On 29 May 2023, the Company paid up the remaining capital of Xiangyang Conch New Material, of RMB15,000,000.

On 31 July 2023, the Company entered into a share transfer agreement with Hainan Qingyuan Corporate Management Centre (Limited Partnership) ("Hainan Qingyuan"), one of the minority shareholders of Huludao Haizhong, pursuant to which Hainan Qingyuan transferred 17% equity interests in Huludao Haizhong to the Company at a total consideration of RMB4,250,000, which was with reference to the registered capital of Huludao Haizhong and was fully settled on 5 September 2023.

On 17 November 2023, the Company paid up the additional capital of Kunming Conch New Material of RMB6,000,000.

On 23 November 2023, one of the Company's subsidiaries, Guizhou Conch New Material, was deregistered, which resulted in the decrease of the investment in subsidiary of RMB1,909,000.

The following table lists out the information relating to Guigang Conch New Material, the only subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

Guigang Conch New Material	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
NCI percentage	40%	40%	40%	40%	40%
Current assets	30,834	112,585	109,641	114,237	97,614
Non-current assets	85,700	87,871	86,407	87,920	84,806
Current liabilities	46,108	149,325	93,767	130,239	62,823
Non-current liabilities	50,000	56	56	—	506
Net assets	20,426	51,075	102,225	71,919	119,091
Carrying amount of NCI	8,170	20,430	40,890	28,768	47,636
Revenue	25,665	203,742	249,784	109,330	114,479
(Loss)/profit for the year	(2,899)	31,261	51,150	17,806	16,714
Total comprehensive income	(2,899)	31,261	51,150	17,806	16,714
(Loss)/profit allocated to NCI	(1,160)	12,504	20,460	7,122	6,686
Dividend paid to NCI	—	—	—	—	—
Cash flows (used in)/generated from operating activities	(17,900)	73,901	45,803	7,989	26,802
Cash flows used in investing activities	(74,366)	(16,339)	(502)	—	(691)
Cash flows generated from/(used in) financing activities	93,494	(53,361)	(48,678)	(2,115)	(26,287)

16 INVENTORIES

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

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Raw materials	30,769	55,411	47,033	67,069
Finished goods	22,174	63,186	55,864	68,870
Total	52,943	118,597	102,897	135,939

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

	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Carrying amount of inventories sold	1,113,918	1,412,888	1,745,231	804,541	807,479
Write-down of inventories	1,772	2,829	1,442	933	1,830
Reversal of write-down of inventories	—	(1,772)	(2,829)	(2,829)	(1,442)
	1,115,690	1,413,945	1,743,844	802,645	807,867

17 TRADE AND OTHER RECEIVABLES

The Group	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables				
— Third parties	92,927	277,326	406,505	385,432
— Related parties	173,652	192,263	203,234	207,215
Bills receivable, carried at amortised cost. .	47,875	112,828	187,488	234,767
Less: allowance for doubtful debts (<i>Note 17(b)</i>)	(13,392)	(23,450)	(38,040)	(40,069)
Trade and bills receivables	301,062	558,967	759,187	787,345
Bills receivable, measured at fair value through other comprehensive income ("FVOCI")	4,371	31,245	10,819	40,579
Other receivables				
— Deposits and prepayments	12,511	22,079	20,091	27,803
— VAT recoverable	34,890	8,455	7,651	1,086
— Prepayments for costs incurred in connection with the proposed issuance of the Company's H Shares .	—	—	9,343	13,545
— Others	4,415	8,004	5,948	8,287
	357,249	628,750	813,039	878,645
Other receivables from related parties				
— Temporary payment on behalf of related party	2,451	4,063	18	—
Current portion of trade and other receivables	359,700	632,813	813,057	878,645
Non-current portion of trade and other receivables	37,851	24,053	2,503	3,710
Total current and non-current trade and other receivables	397,551	656,866	815,560	882,355
The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables				
— Subsidiaries	1,909	10,553	24,281	49,108
— Related parties	169,047	—	—	—
Less: allowance for doubtful debts	(8,100)	—	—	—
Trade receivables	162,856	10,553	24,281	49,108
Prepayments for costs incurred in connection with the proposed issuance of the Company's H Shares	—	—	9,343	13,545
Other receivables	5,069	22	776	938
Non-trade amounts due from subsidiaries . .	16,549	279,401	336,304	435,175
Total trade and other receivables	184,474	289,976	370,704	498,766

All of the current portion of trade and other receivables are expected to be recovered within one year.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Group endorsed undue bills receivable of RMB53,154,000, RMB44,639,000, RMB135,377,000, RMB97,651,000 respectively to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety from balance sheet as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB53,154,000, RMB44,639,000, RMB135,377,000 and RMB97,651,000, which the Group endorsed to its suppliers. These undue bills receivable was due within six months from date of issuance.

All of the amounts due from subsidiaries of the Company are unsecured, interest-bearing at 3.25% to 3.52%, 3.32% to 3.52%, 3.12% to 3.32% and 3.12% to 3.32% p.a. and due within one year during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, respectively.

(a) Ageing analysis

The following table sets out an ageing analysis of trade and bills receivables, net of loss allowance based on the due date indicated:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Current	288,474	508,818	642,145	630,647
1-6 months past due	12,386	50,111	116,546	141,791
7-9 months past due	113	38	379	14,602
10-12 months past due	89	—	117	305
	<u>301,062</u>	<u>558,967</u>	<u>759,187</u>	<u>787,345</u>

Details of the Group's credit policy and credit risk arising from trade and bills receivables are set out in Note 26(a).

(b) Loss allowance for trade and bills receivables

Movement in the loss allowance account in respect of trade receivables during the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
At the beginning of the year/period	(15,948)	(13,392)	(23,450)	(38,040)
Loss allowances reversal/(recognised).	<u>2,556</u>	<u>(10,058)</u>	<u>(14,590)</u>	<u>(2,029)</u>
At the end of the year/period	<u>(13,392)</u>	<u>(23,450)</u>	<u>(38,040)</u>	<u>(40,069)</u>

18 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Cash at bank and on hand	214,434	131,757	166,103	143,515
Less: Restricted bank deposits (i) . .	(129)	—	—	—
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	214,305	131,757	166,103	143,515
The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Cash at bank and on hand	171,340	83,442	93,983	108,367
Less: Restricted bank deposits	—	—	—	—
Cash and cash equivalents in the statement of financial position of the Company	171,340	83,442	93,983	108,367

- (i) Restricted bank deposits mainly represent security deposits placed at bank for letter of guarantee. The restriction on deposits was released upon the letter of guarantee expires.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(Unaudited)	
Profit before taxation		150,298	109,644	170,029	58,620	70,811
Adjustments for:						
Depreciation of owned property, plant and equipment	6(c)	13,439	39,426	60,990	29,245	31,659
Depreciation of right-of-use assets	6(c)	4,496	5,290	6,054	2,918	3,593
Amortisation of intangible assets	6(c)	2,050	2,050	2,370	1,105	1,264
Net loss on disposal of property, plant and equipment	5	21	46	65	13	28
Net gain from financial assets measured at FVPL		—	—	(153)	(134)	(41)
Finance costs	6(a)	10,073	23,746	30,285	15,843	13,654
Operating profit before changes in working capital		180,377	180,202	269,640	107,610	120,968
(Increase)/decrease in inventories		(13,592)	(65,654)	15,700	(11,618)	(33,042)
Decrease in restricted bank deposits		700	129	—	—	—
Decrease/(increase) in trade and other receivables		19,054	(265,564)	(175,819)	(52,226)	(61,386)
Increase in trade and other payables		101,439	40,224	48,704	11,229	6,523
(Decrease)/increase in contract liabilities		(1,152)	8,931	2,066	5,678	5,173
Increase in deferred income		3,189	4,462	26,793	12,396	6,105
Cash generated from/(used in) operations		<u>290,015</u>	<u>(97,270)</u>	<u>187,084</u>	<u>73,069</u>	<u>44,341</u>

(c) Reconciliation of liabilities arising from financing activities:

	Loans and borrowings	Interest payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 19)	(Note (i))	(Note 23)	
At 1 January 2021	270,000	99	2,257	272,356
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	760,067	—	—	760,067
Repayments of loans and borrowings . . .	(276,982)	—	—	(276,982)
Capital element of lease rentals paid . . .	—	—	(1,569)	(1,569)
Interest element of lease rentals paid . . .	—	—	(174)	(174)
Interest of loans and borrowings paid . . .	—	(16,965)	—	(16,965)
Total changes from financing cash flows . . .	483,085	(16,965)	(1,743)	464,377
Other changes:				
Interest expenses	—	9,899	174	10,073
Capitalised borrowing cost	—	7,356	—	7,356
Increase in lease liabilities from entering into new leases during the year	—	—	4,781	4,781
Total other changes	—	17,255	4,955	22,210
At 31 December 2021 and 1 January 2022	753,085	389	5,469	758,943
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	845,012	—	—	845,012
Repayments of loans and borrowings . . .	(494,317)	—	—	(494,317)
Capital element of lease rentals paid . . .	—	—	(1,672)	(1,672)
Interest element of lease rentals paid . . .	—	—	(170)	(170)
Interest of loans and borrowings paid . . .	—	(30,135)	—	(30,135)
Total changes from financing cash flows . . .	350,695	(30,135)	(1,842)	318,718
Other changes:				
Interest expenses	—	23,576	170	23,746
Capitalised borrowing cost	—	7,882	—	7,882
Total other changes	—	31,458	170	31,628

	Loans and borrowings	Interest payable	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 19)	(Note (i))	(Note 23)	
At 31 December 2022 and				
1 January 2023	<u>1,103,780</u>	<u>1,712</u>	<u>3,797</u>	<u>1,109,289</u>
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	681,055	—	—	681,055
Repayments of loans and borrowings . . .	(837,555)	—	—	(837,555)
Capital element of lease rentals paid . . .	—	—	(3,072)	(3,072)
Interest element of lease rentals paid . . .	—	—	(284)	(284)
Interest of loans and borrowings paid . . .	—	(31,575)	—	(31,575)
Total changes from financing cash flows.	<u>(156,500)</u>	<u>(31,575)</u>	<u>(3,356)</u>	<u>(191,431)</u>
Other changes:				
Interest expenses	—	30,001	284	30,285
Capitalised borrowing cost	—	601	—	601
Increase in lease liabilities from entering into new leases during the year	—	—	5,068	5,068
Total other changes	<u>—</u>	<u>30,602</u>	<u>5,352</u>	<u>35,954</u>
At 31 December 2023	<u>947,280</u>	<u>739</u>	<u>5,793</u>	<u>953,812</u>
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	283,000	—	—	283,000
Repayments of loans and borrowings . . .	(271,749)	—	—	(271,749)
Capital element of lease rentals paid . . .	—	—	(1,734)	(1,734)
Interest element of lease rentals paid . . .	—	—	(268)	(268)
Interest of loans and borrowings paid . . .	—	(13,465)	—	(13,465)
Total changes from financing cash flows.	<u>11,251</u>	<u>(13,465)</u>	<u>(2,002)</u>	<u>(4,216)</u>
Other changes:				
Interest expenses	—	13,386	268	13,654
Increase in lease liabilities from entering into new leases during the period	—	—	6,378	6,378
Total other changes	<u>—</u>	<u>13,386</u>	<u>6,646</u>	<u>20,032</u>
At 30 June 2024	<u>958,531</u>	<u>660</u>	<u>10,437</u>	<u>969,628</u>

Note (i): Interest payable is included in trade and other payables as disclosed in Note 20.

(d) **Total cash outflow for leases**

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Within operating cash flows	588	867	1,338	716	511
Within financing cash flows	1,743	1,842	3,356	2,290	2,002
	<u>2,331</u>	<u>2,709</u>	<u>4,694</u>	<u>3,006</u>	<u>2,513</u>

These amounts relate to the following:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Lease rentals paid	<u>2,331</u>	<u>2,709</u>	<u>4,694</u>	<u>3,006</u>	<u>2,513</u>

19 LOANS AND BORROWINGS

The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Current	312,000	712,079	701,636	736,464
Non-current	441,085	391,701	245,644	222,067
Total	<u>753,085</u>	<u>1,103,780</u>	<u>947,280</u>	<u>958,531</u>

(i) As at the end of each reporting period, the bank loans were repayable as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Within one year	312,000	712,079	701,636	736,464
After one year but within two years	97,584	77,500	55,000	65,000
After two years but within five years	217,500	237,467	190,644	157,067
After five years	126,001	76,734	—	—
Total	<u>753,085</u>	<u>1,103,780</u>	<u>947,280</u>	<u>958,531</u>

(ii) As at the end of each reporting period, the bank loans were secured as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans				
— Guaranteed	50,000	83,467	—	—
— Unsecured	703,085	1,020,313	947,280	958,531
Total	753,085	1,103,780	947,280	958,531

As at 31 December 2021 and 2022, the bank loans of the Group amounting to RMB50,000,000 and RMB83,467,000 respectively were guaranteed by Conch Tech Innovation, the parent company of the Group, which have been released in November 2023.

The Company:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unsecured bank loans	290,000	330,000	140,000	153,000
Total	290,000	330,000	140,000	153,000

20 TRADE AND OTHER PAYABLES

The Group	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables				
— Third parties	132,369	153,676	192,986	213,198
— Related parties	732	777	2,726	4,234
Bills payable	15,000	—	—	—
Trade and bills payables	148,101	154,453	195,712	217,432
Other payables and accruals to third parties				
— Construction and equipment payables . .	65,240	81,650	69,205	50,927
— Deposits	33,358	36,484	32,783	29,167
— Other taxes and surcharges payables . . .	8,127	7,636	5,432	6,085
— Accrued payroll and other benefits . . .	37,572	42,887	46,135	27,999
— Payables for costs incurred in connection with the proposed issuance of the Company's H Shares .	—	—	6,630	4,782
— Other accrued expenses	7,559	9,355	7,567	6,557
Other payables to related parties	299,957	332,465	363,464	342,949
— Construction and equipment payables . .	13,208	10,769	5,958	6,829
Trade and other payables	313,165	343,234	369,422	349,778
The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables				
— Third parties	—	5	—	12
— Subsidiaries	175,434	62,360	128,130	194,800
Other payables and accruals	175,434	62,365	128,130	194,812
— Other taxes and surcharges payables . . .	229	18	30	91
— Accrued payroll and other benefits	6,652	6,861	7,915	3,781
— Payables for costs incurred in connection with the proposed issuance of the Company's H shares .	—	—	6,630	4,782
— Others	102	903	925	305
Other payables to related parties	182,417	70,147	143,630	203,771
Trade and other payables	182,431	70,147	143,630	203,771

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the ageing analysis of trade and bills payables presented is as follows:

The Group	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Within 1 year	147,444	154,428	195,695	217,360
Over 1 year	657	25	17	72
	<u>148,101</u>	<u>154,453</u>	<u>195,712</u>	<u>217,432</u>
The Company	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Within 1 year	<u>175,434</u>	<u>62,365</u>	<u>128,130</u>	<u>194,812</u>

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

21 CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Sales of goods	<u>2,455</u>	<u>11,386</u>	<u>13,452</u>	<u>18,625</u>

Contract liabilities are expected to be settled within the Group's normal operating cycle and will be recognised as revenue when the related performance obligations are satisfied. The management of the Group expects the contract liabilities at the reporting period end will be recognised as revenue within one year.

Revenue recognised during the Relevant Periods included the whole amount of contract liabilities at the beginning of the Relevant Periods. There was no revenue recognised during the year that related to performance obligations that were satisfied in prior years.

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statements of financial position represent:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Balance at the beginning of the year/period	5,065	5,461	6,864	12,311
Provision for current income tax for the year/period (Note 7(a))	27,918	26,367	28,839	16,376
Payments during the year/period	(27,522)	(24,964)	(23,392)	(13,727)
Balance at the end of the year/period	5,461	6,864	12,311	14,960

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the Relevant Periods are as follows:

	Credit loss allowance	Provision for inventory	Deductible losses	Fair value adjustment in relation to business combination	Others	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Deferred tax assets/(liabilities) arising from:						
At 1 January 2021	3,618	—	6,779	(10,656)	(4,335)	(4,594)
(Charged)/credited to profit or loss	(675)	418	3,738	819	210	4,510
At 31 December 2021 and 1 January 2022	2,943	418	10,517	(9,837)	(4,125)	(84)
Credited to profit or loss	2,369	276	3,591	819	2,051	9,106
At 31 December 2022 and 1 January 2023	5,312	694	14,108	(9,018)	(2,074)	9,022
Credited/(charged) to profit or loss	3,401	(377)	(8,349)	819	7,250	2,744
At 31 December 2023 and 1 January 2024	8,713	317	5,759	(8,199)	5,176	11,766
Effect on deferred tax balances resulting from a change in tax rate (note 7(a))	400	13	2,058	—	(337)	2,134
Credited/(charged) to profit or loss	258	101	845	411	2,000	3,615
At 30 June 2024	9,371	431	8,662	(7,788)	6,859	17,515

(ii) Reconciliation to the consolidated statements of financial position:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Net deferred tax assets recognised on the consolidated statement of financial position	15,186	22,925	24,100	29,577
Net deferred tax liabilities recognised on the consolidated statement of financial position	(15,270)	(13,903)	(12,334)	(12,062)
	(84)	9,022	11,766	17,515

23 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were payable:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Within one year	1,672	1,743	1,775	1,704
After one year but within two years	1,743	1,187	1,512	1,074
After two years but within five years	2,054	867	2,506	7,659
Balance at the end of the year/period	5,469	3,797	5,793	10,437

24 DEFERRED INCOME

Deferred income represents government grants received to subsidize the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in Note 2(s)(iii).

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Relevant Periods is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

					PRC		
	Paid-in capital	Capital reserve	Share capital	Share premium	Statutory reserves	Retained profits	Total equity
Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance at 1 January 2021 . . .	138,000	1,686	—	—	13,103	83,697	236,486
Profit for the year	—	—	—	—	—	116,235	116,235
Other comprehensive income . . .	—	—	—	—	—	—	—
Total comprehensive income . . .	—	—	—	—	—	116,235	116,235
Capital injection	—	—	—	—	—	—	—
Appropriation to statutory reserves	—	—	—	—	11,624	(11,624)	—
Profit distribution	—	—	—	—	—	(49,394)	(49,394)
Balance at 31 December 2021 and 1 January 2022	138,000	1,686	—	—	24,727	138,914	303,327
Profit for the year	—	—	—	—	—	141,916	141,916
Other comprehensive income . . .	—	—	—	—	—	—	—
Total comprehensive income . . .	—	—	—	—	—	141,916	141,916
Issue of ordinary shares upon conversion into a joint stock limited liability company 25(d)	(138,000)	(1,686)	361,560	57,777	(24,727)	(254,924)	—
Profit distribution	—	—	—	—	—	(23,460)	(23,460)
Balance at 31 December 2022 and 1 January 2023	—	—	361,560	57,777	—	2,446	421,783

		PRC							
		Paid-in capital	Capital reserve	Share capital	Share premium	Statutory reserves	Retained profits	Total equity	
Note		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
	Profit for the year	—	—	—	—	—	71,204	71,204	
	Other comprehensive income . . .	—	—	—	—	—	—	—	
	Total comprehensive income . . .	—	—	—	—	—	71,204	71,204	
	Issue of ordinary shares to the new shareholders of the Company	25(d)	—	—	73,360	129,532	—	—	202,892
	Appropriation to statutory reserves		—	—	—	—	7,120	(7,120)	
	Profit distribution		—	—	—	—	(29,830)	(29,830)	
	Balance at 31 December 2023 and 1 January 2024		—	—	434,920	187,309	7,120	36,700	666,049
	Profit for the period		—	—	—	—	63,061	63,061	
	Other comprehensive income . . .		—	—	—	—	—	—	
	Total comprehensive income . . .		—	—	—	—	63,061	63,061	
	Balance at 30 June 2024		—	—	434,920	187,309	7,120	99,761	729,110

(b) Dividends

On 28 April 2021, the Company declared and approved the profit distribution of RMB49,394,000 to shareholders.

On 26 April 2022, the Company declared and approved the profit distribution of RMB23,460,000 to shareholders.

On 19 June 2023, the Company declared and approved the profit distribution of RMB29,830,000 to shareholders.

The directors consider that the dividends declared during the Relevant Periods are not indicative of the future dividend policy of the Group.

(c) Paid-in capital

Paid-in capital from investors/ordinary shares are classified as equity. A summary of movements in the Company's paid-in capital/share capital is as follows:

	Note	Total
		RMB '000
At 31 December 2021 and 1 January 2022		138,000
Conversion into a joint stock limited liability company	25(a)	(138,000)
At 31 December 2022 and 2023 and 30 June 2024		—

(d) Share capital and share premium

	Note	Numbers of ordinary shares	Share capital	Share premium	Total
		('000)	RMB '000	RMB '000	RMB '000
Issued and fully paid					
At 1 January 2021, 31 December 2021 and 1 January 2022		—	—	—	—
Issue of ordinary shares upon conversion into a joint stock limited liability company.	(i)	361,560	361,560	57,777	419,337
At 31 December 2022 and 1 January 2023		361,560	361,560	57,777	419,337
Issue of ordinary shares to the new shareholders of the Company.	(ii)	73,360	73,360	129,532	202,892
At 31 December 2023 and 1 January 2024		434,920	434,920	187,309	622,229
Issue of ordinary shares to the new shareholders of the Company.		—	—	—	—
At 30 June 2024		434,920	434,920	187,309	622,229
(Unaudited)					
At 31 December 2022 and 1 January 2023		361,560	361,560	57,777	419,337
Issue of ordinary shares to the new shareholders of the Company.		73,360	73,360	129,532	202,892
At 30 June 2023		434,920	434,920	187,309	622,229

- (i) Pursuant to the shareholders' resolution on 30 June 2022, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as at the conversion base date, which is 30 April 2022, including paid-in capital, capital reserve, PRC statutory reserve and retained profits were converted into 361,560,000 ordinary shares with a par value of RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.
- (ii) On 13 January 2023, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB202,892,000 into the Company based on the valuation report provided by an independent qualified valuer, with RMB73,360,000 and RMB129,532,000 credited to the Company's share capital and share premium respectively, and the Company received all capital injection on 18 January 2023.

(e) **Nature and purpose of reserves**

(i) *Capital reserve*

Capital reserve comprises the following:

- The historical book value of the net assets of the subsidiary under common control transferred to the Company during the Relevant Periods less consideration; and
- the difference between the consideration paid and net assets acquired by the Company for acquisition of non-controlling interests in subsidiaries; and
- the excess of the net considerations from the shareholders of the Company over the total paid-in capital issued.

(ii) *PRC statutory reserves*

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) *Other reserve*

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a legal reserve for the safety production purpose. The reserve could be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(iv) *Capital risk management*

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of debt to asset ratio. The Group defines debt to asset ratio as total liabilities divided by total assets.

The Group's strategy was to maintain the debt to asset ratio at a reasonable level. The Group's debt to asset ratio at 31 December 2021, 2022 and 2023 and 30 June 2024 was as follow:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Total liabilities	1,100,060	1,492,581	1,397,002	1,406,908
Total assets	1,660,468	2,139,062	2,345,470	2,415,560
Debt to asset ratio	66.25%	69.78%	59.56%	58.24%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 days to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 63%, 40%, 33% and 33% of the total trade receivables were due from the Group's largest customer respectively, 83%, 73%, 68% and 69% of the total trade receivables were due from the Group's five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

As at 31 December 2021			
Expected loss rate	Gross carrying amount	Loss allowance	
%	RMB '000	RMB '000	
Current (not past due)	5.0%	253,142	(12,543)
1-6 months past due	5.5%	13,101	(715)
7-9 months past due	27.1%	155	(42)
10-12 months past due	50.8%	181	(92)
		<u>266,579</u>	<u>(13,392)</u>
As at 31 December 2022			
Expected loss rate	Gross carrying amount	Loss allowance	
%	RMB '000	RMB '000	
Current (not past due)	4.9%	416,271	(20,281)
1-6 months past due	5.8%	53,183	(3,072)
7-9 months past due	15.6%	45	(7)
10-12 months past due	0.0%	—	—
More than 12 months past due	100.0%	90	(90)
		<u>469,589</u>	<u>(23,450)</u>
As at 31 December 2023			
Expected loss rate	Gross carrying amount	Loss allowance	
%	RMB '000	RMB '000	
Current (not past due)	6.0%	483,655	(28,998)
1-6 months past due	6.7%	124,885	(8,339)
7-9 months past due	18.7%	466	(87)
10-12 months past due	67.3%	358	(241)
More than 12 months past due	100.0%	375	(375)
		<u>609,739</u>	<u>(38,040)</u>

As at 30 June 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Current (not past due)	6.2%	421,884	(26,004)
1-6 months past due	6.9%	152,357	(10,566)
7-9 months past due	14.0%	16,973	(2,371)
10-12 months past due	73.5%	1,153	(848)
More than 12 months past due	100.0%	280	(280)
		<u>592,647</u>	<u>(40,069)</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes deposits, value-added-tax recoverable, and amounts due from related parties.

The Group has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the shareholders of the Company when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and can be required to pay:

As at 31 December 2021						
Contractual undiscounted cash outflow						
Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying amount	
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
Loans and borrowings . . .	332,477	105,712	256,963	138,210	833,362	753,085
Trade and other payables . .	313,165	—	—	—	313,165	313,165
Lease liabilities	1,863	1,744	2,835	—	6,442	5,469
	647,505	107,456	259,798	138,210	1,152,969	1,071,719

As at 31 December 2022						
Contractual undiscounted cash outflow						
Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying amount	
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
Loans and borrowings . . .	740,348	87,159	274,629	79,150	1,181,286	1,103,780
Trade and other payables . .	343,234	—	—	—	343,234	343,234
Lease liabilities	1,744	1,069	1,767	—	4,580	3,797
	1,085,326	88,228	276,396	79,150	1,529,100	1,450,811

As at 31 December 2023						
Contractual undiscounted cash outflow						
Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying amount	
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
Loans and borrowings . . .	720,020	62,982	214,591	—	997,593	947,280
Trade and other payables . .	369,422	—	—	—	369,422	369,422
Lease liabilities	1,806	1,621	1,575	1,239	6,241	5,793
	1,091,248	64,603	216,166	1,239	1,373,256	1,322,495

As at 30 June 2024

	Contractual undiscounted cash outflow					Carrying amount
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Loans and borrowings	751,412	72,413	175,601	—	999,426	958,531
Trade and other payables . . .	349,778	—	—	—	349,778	349,778
Lease liabilities	2,028	1,145	2,628	6,531	12,332	10,437
	<u>1,103,218</u>	<u>73,558</u>	<u>178,229</u>	<u>6,531</u>	<u>1,361,536</u>	<u>1,318,746</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted bank deposits, amounts due from the then investor of a subsidiary, loans and borrowings and lease liabilities. The Group's interest-bearing financial instruments at variable rates as at 31 December 2021, 2022 and 2023 and 30 June 2024 are the cash and cash equivalents and restricted bank deposits, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's receivables, loans and borrowings, lease liabilities, cash and cash equivalents and restricted bank deposits as at the end of reporting period:

	As at 31 December						As at 30 June	
	2021		2022		2023		2024	
	Interest rate %	RMB '000	Interest rate %	RMB '000	Interest rate %	RMB '000	Interest rate %	RMB '000
Fixed rate:								
Loans and borrowings	2.55%-3.75%	(753,085)	2.85%-3.75%	(1,103,780)	2.60%-2.95%	(947,280)	2.60%-2.95%	(958,531)
Lease liabilities	3.75%-4.65%	(5,469)	4.3%-4.5%	(3,797)	4.3%-4.5%	(5,793)	4.3%-4.5%	(10,437)
		<u>(758,554)</u>		<u>(1,107,577)</u>		<u>(953,073)</u>		<u>(968,968)</u>
Variable rate:								
Cash at bank	0.30%-0.35%	214,305	0.30%-0.35%	131,757	0.20%-0.35%	166,103	0.20%-0.35%	143,515
Restricted bank deposits	0.30%-0.35%	129	—	—	—	—	—	—
		<u>214,434</u>		<u>131,757</u>		<u>166,103</u>		<u>143,515</u>

(ii) *Sensitivity analysis*

At 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB1,632,000, RMB1,007,000, RMB1,259,000 and RMB 1,086,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. Fixed rate financial instruments are excluded for the above analysis. The analysis is performed on the same basis for each reporting period.

(d) **Fair value measurement**

(i) *Financial instruments carried at fair value*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value 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 valuations: 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 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2021 RMB '000	Fair value measurements as at 31 December 2021 categorised into		
		Level 1 RMB '000	Level 2 RMB '000	Level 3 RMB '000
Financial assets measured at FVOCI . . .				
Bills receivable	4,371	—	4,371	—

	Fair value at 31 December 2022 RMB '000	Fair value measurements as at 31 December 2022 categorised into		
		Level 1 RMB '000	Level 2 RMB '000	Level 3 RMB '000
Financial assets measured at FVOCI . . .				
Bills receivable	31,245	—	31,245	—

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB '000	RMB '000	RMB '000	RMB '000
Financial assets measured at FVOCI . . .				
Bills receivable	10,819	—	10,819	—

	Fair value at 30 June 2024	Fair value measurements as at 30 June 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB '000	RMB '000	RMB '000	RMB '000
Financial assets measured at FVOCI . . .				
Bills receivable	40,579	—	40,579	—

During the years ended 31 December 2021, 2022 and 2023 and 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Valuation techniques and inputs used in Level 2 fair value measurements

For bills receivable that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(ii) *Fair values of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost were not materially different from their fair values as at 31 December 2021, 2022 and 2023 and 30 June 2024.

27 COMMITMENTS

Capital commitments for purchase of property, plant and equipment outstanding at 31 December 2021, 2022 and 2023 and 30 June 2024 not provided for in the Consolidated Financial Information were as follows:

	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Contracted for.	139,950	33,729	10,890	923

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in Note 8 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Short-term employee benefits . . .	1,244	3,407	2,385	1,624	993
Post-employment benefits	32	117	114	36	38
	<u>1,276</u>	<u>3,524</u>	<u>2,499</u>	<u>1,660</u>	<u>1,031</u>

(b) Name and relationship with related parties

During the Relevant Periods, transactions with the following parties are considered as related party transactions.

Name of party ⁽ⁱ⁾	Relationship
Anhui Conch Cement Company Limited and its subsidiaries 安徽海螺水泥股份有限公司及其附屬公司	Fellow subsidiary
Anhui Conch Group and its subsidiaries 安徽海螺集團及其附屬公司	Intermediate holding company
Xintongling Building Materials Group and its subsidiaries 鑫統領建材集團及其附屬公司	Entities controlled by a director of the Company
China Conch Venture Holdings Limited and its subsidiaries 中國海螺創業控股有限公司及其附屬公司	Investor of Anhui Conch Group

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(c) Material related party transactions

Particulars of material transactions between the Group and the above related parties during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Sales of goods to (Note (i)):					
Anhui Conch Cement Company Limited and its subsidiaries . . .	807,656	749,058	761,515	337,942	338,065
Anhui Conch Group and its subsidiaries	—	—	—	—	7,807
Xintongling Building Materials Group and its subsidiaries	42,335	26,540	16,099	8,635	5,449
	<u>849,991</u>	<u>775,598</u>	<u>777,614</u>	<u>346,577</u>	<u>351,321</u>
Sales of goods to (Note (ii)):					
Anhui Conch Cement Company Limited and its subsidiaries . . .	202	16,049	889	298	519
	<u>202</u>	<u>16,049</u>	<u>889</u>	<u>298</u>	<u>519</u>
	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Service rendered to:					
Anhui Conch Cement Company Limited and its subsidiaries . . .	600	—	—	—	—
	<u>600</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Purchase of goods from:					
China Conch Venture Holdings Limited and its subsidiaries . . .	1	32	—	—	—
Anhui Conch Cement Company Limited and its subsidiaries . . .	980	1,704	859	415	292
Anhui Conch Group and its subsidiaries	3,636	1,638	577	50	380
	<u>4,617</u>	<u>3,374</u>	<u>1,436</u>	<u>465</u>	<u>672</u>

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000

Purchase of property, plant and equipment from:					
China Conch Venture Holdings Limited and its subsidiaries . . .	25,035	8,618	1,757	961	1,011
Anhui Conch Cement Company Limited and its subsidiaries . . .	—	—	—	—	1,794
Anhui Conch Group and its subsidiaries	4,012	15,587	13,593	9,172	407
	<u>29,047</u>	<u>24,205</u>	<u>15,350</u>	<u>10,133</u>	<u>3,212</u>

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000

Services received from:					
China Conch Venture Holdings Limited and its subsidiaries . . .	—	169	—	—	43
Anhui Conch Cement Company Limited and its subsidiaries . . .	352	128	1,315	411	5,659
Anhui Conch Group and its subsidiaries	976	1,383	764	763	511
	<u>1,328</u>	<u>1,680</u>	<u>2,079</u>	<u>1,174</u>	<u>6,213</u>

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	

Guarantee provided by related parties in respect of the Group's bank loans:

Anhui Conch Group and its subsidiaries (Note (iii))	50,000	83,467	52,000	52,000	—
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	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	

Consideration paid for acquisition of entity under common control

Anhui Conch Group and fellow subsidiaries	—	—	15,509	15,509	—
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	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	

Purchase patents

Anhui Conch Group and fellow subsidiaries	—	—	4,783	4,783	—
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- (i) The related party transactions in respect of the sales of cement admixtures and concrete admixtures to Anhui Conch Cement Company Limited, Anhui Conch Group and Xintongling Building Materials Group and their respective subsidiaries constitute the non-exempt continuing connected transactions with our Group under the Chapter 14A of Listing Rules upon the Listing.
- (ii) The related party transactions in respect of the sales of other products to Anhui Conch Cement Company Limited and its subsidiaries do not constitute non-exempt continuing connected transactions with our Group.
- (iii) The loan guarantee has been released in November 2023.

(d) **Balances with related parties**

Balances with related parties at the end of each reporting period are as follows:

The Group:

	At 31 December			At 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables				
Anhui Conch Cement Company Limited and its subsidiaries	167,072	186,992	200,692	198,865
Anhui Conch Group and its subsidiaries	185	—	—	6,314
Xintongling Building Materials Group and its subsidiaries	6,395	5,271	2,542	2,036
	<u>173,652</u>	<u>192,263</u>	<u>203,234</u>	<u>207,215</u>
Other receivables				
Anhui Conch Cement Company Limited and its subsidiaries	—	110	—	—
Anhui Conch Group and its subsidiaries	2,451	3,953	18	—
	<u>2,451</u>	<u>4,063</u>	<u>18</u>	<u>—</u>

The other receivables (non-trade) from related party as at 31 December 2023 has been settled in March 2024.

	At 31 December			At 30 June
	2021	2022	2023	2024
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables				
Anhui Conch Cement Company Limited and its subsidiaries	87	162	871	2,691
China Conch Venture Holdings Limited and its subsidiaries	139	266	967	360
Anhui Conch Group and its subsidiaries	506	349	888	1,183
	<u>732</u>	<u>777</u>	<u>2,726</u>	<u>4,234</u>
Other payables				
Anhui Conch Cement Company Limited and its subsidiaries	—	—	—	2,284
China Conch Venture Holdings Limited and its subsidiaries	11,297	8,470	1,635	2,843
Anhui Conch Group and its subsidiaries	1,911	2,299	4,323	1,702
	<u>13,208</u>	<u>10,769</u>	<u>5,958</u>	<u>6,829</u>

The other payables to related parties as at 30 June 2024 will be settled in accordance with the respective contract term.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2024

Up to the date of issue of these financial statements, the IASB has issued a few of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i> 1 January 2025	
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i> 1 January 2026	
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statement</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on its consolidation financial statements.

30 SUBSEQUENT EVENT

The Group does not have any material subsequent event after 30 June 2024.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2024.