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安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

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

(Stock Code: 00914)

Results for the year ended 31 December 2020

Revenue of the Company for the year 2020 amounted to approximately RMB176,242.68 million (in accordance with the International Financial Reporting Standards ("IFRSs")), representing an increase of 12.23% over that of 2019.

Net profit attributable to equity shareholders of the Company for the year 2020 amounted to approximately RMB35,163.54 million (in accordance with the IFRSs), representing an increase of 4.56% over that of 2019.

Earnings per share for the year 2020 were RMB6.64 (in accordance with the IFRSs), representing an increase of 4.56% over that of 2019.

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

I. Basic Corporate Information of the Company

1. Basic information

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

2. Contact persons and means of contact

Title	Joint Company Secretary	Securities Affairs Representative
Name	Yu Shui	Liao Dan
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II. Summary of Accounting Data and Operational Information

1. Financial Summary prepared in accordance with the IFRSs (for the year ended 31 December)

(Unit: RMB'000)

Item	2020	2019	2018	2017	2016
Revenue	176,242,682	157,030,328	128,402,626	75,310,820	55,931,901
Net profit attributable to equity shareholders of the Company	35,163,538	33,629,803	29,858,303	15,898,689	8,573,868
Total assets	200,972,758	178,777,182	149,547,352	122,142,585	109,514,121
Total liabilities	32,909,849	36,646,408	33,358,169	30,453,291	29,536,289

2. Accounting data prepared in accordance with the PRC Accounting Standards (major accounting data and financial indicators for the preceding three years)

Table 1: (Unit: RMB'000)

Item	2020	2019	Year-on-year change (%) between 2020 and 2019	2018
Revenue	176,242,682	157,030,328	12.23	128,402,626
Profit before taxation	47,107,917	44,556,845	5.73	39,629,196
Net profit attributable to equity shareholders of the Company	35,129,691	33,592,755	4.58	29,814,285
Net profit after extraordinary items attributable to equity shareholders of the Company	33,170,447	32,719,396	1.38	29,818,520
Basic earnings per share (RMB/share)	6.63	6.34	4.58	5.63
Diluted earnings per share (RMB/share)	6.63	6.34	4.58	5.63

Basic earnings per share after extraordinary items (RMB/share)	6.26	6.17	1.38	5.63
Diluted return on net assets (%)	21.71	24.46	Decreased by 2.75 percentage points	26.46
Weighted average return on net assets (%)	23.62	27.03	Decreased by 3.41 percentage points	29.66
Diluted return on net assets after extraordinary items (%)	20.50	23.82	Decreased by 3.32 percentage points	26.46
Weighted average return on net assets after extraordinary items (%)	22.31	26.33	Decreased by 4.02 percentage points	29.66
Net cash flow generated from operating activities	34,797,213	40,738,205	-14.58	36,058,967
Net cash flow per share generated from operating activities (RMB/share)	6.57	7.69	-14.58	6.80

Table 2:

(Unit: RMB'000)

Item	As at 31 December 2020	As at 31 December 2019	Year-on-year change (%) between 2020 and 2019	As at 31 December 2018
Total assets	200,972,758	178,777,182	12.42	149,547,352
Total equity attributable to equity shareholders of the Company	161,822,228	137,361,682	17.81	112,688,916
Net assets per share attributable to equity shareholders of the Company (RMB/share)	30.54	25.92	17.81	21.26

III. Shareholders

1. Shareholders

(1) As at 31 December 2020, the total number of registered shareholders of the Company was 307,848, of which 84 were registered holders of H Shares. As at 28 February 2021, the total number of registered shareholders of the Company was 381,338, of which 84 were registered holders of H Shares.

(2) As at 31 December 2020, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Name of shareholder	Nature of shareholder	Number of shares held as at 31 December 2020 (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
						Status	Number of shares (Share)
1	Anhui Conch Holdings Co., Ltd. ("Conch Holdings") ^(Note 1)	State-owned legal person	1,928,870,014	36.40	A Share	Nil	-

2	HKSCC Nominees Limited ^(Note 2)	Foreign legal person	1,298,428,110	24.50	H Share	Unknown	Unknown
3	Hong Kong Securities Clearing Company Limited	Foreign legal person	371,850,044	7.02	A Share	Unknown	Unknown
4	China Securities Finance Corporation Limited	State-owned legal person	158,706,413	2.99	A Share	Unknown	Unknown
5	Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share	Unknown	Unknown
6	Anhui Conch Venture Investment Co., Ltd.	Domestic non-state-owned legal person	40,550,000	0.77	A Share	Nil	-
7	Hillhouse Capital Management Co., Ltd. – HCM China Fund	Others	37,322,610	0.70	A Share	Unknown	Unknown
8	Bank Negara Malaysia	Others	32,270,473	0.61	A Share	Unknown	Unknown
9	Zhejiang Yiwu Tanzhen Investment Management Partnership (Limited Partnership)-Loyal Valley Capital (Tanzhen) Value China Exclusive Private Equity Investment Fund	Others	18,372,688	0.35	A Share	Unknown	Unknown
10	Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	17,861,146	0.34	A Share	Unknown	Unknown

Notes:

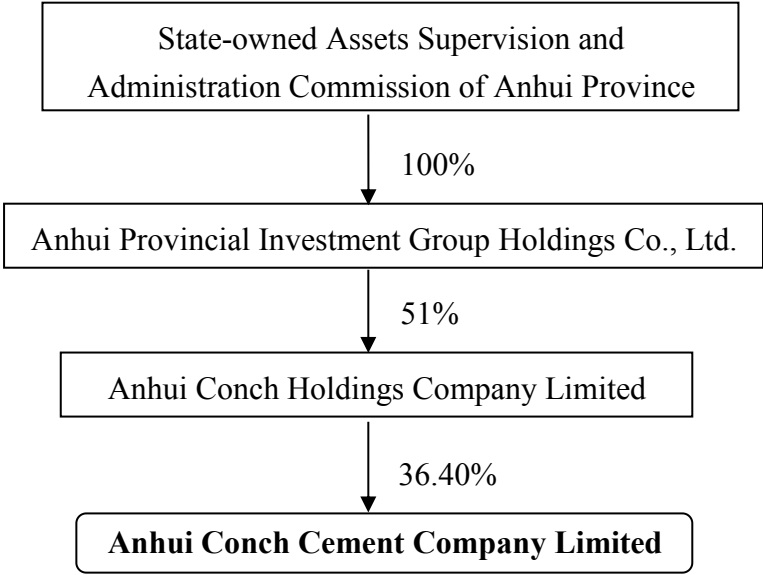
- (1) During 1 January 2020 to 31 December 2020 (“the Reporting Period”), there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,428,110 H Shares, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) All the above shares are floating shares not subject to trading restrictions.
- (4) The board (“Board”) of directors (“Directors”) of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

2. Information on the controlling shareholder and de facto controller

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

As at 31 December 2020, Conch Holdings was the controlling shareholder of the Company and State-owned Assets Supervision and Administration Commission of Anhui Province

was the de facto controller of the Company. The shareholding relationship structure between the Company and its de facto controller is set out as follows:



3. Purchase, sale or redemption of listed securities

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

IV. Interests of directors, supervisors and chief executive in share capital

During the Reporting Period, none of the Directors, supervisors and chief executive of the Company and their respective spouses and children under the age of 18 had any interests and/or short positions in shares, underlying shares, debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), nor had they been granted any rights to subscribe for or exercised the above rights to subscribe for shares or debentures of the Company or its associated corporation as defined in Part XV of the SFO. Such interests or short positions shall be recorded in the register required to be kept and prepared by the Company under Section 352 of the SFO; or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Rules Governing the Listing of Securities of the Stock Exchange (“HKSE Listing Rules”).

V. Corporate Governance

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

VI. Review of Annual Report

The financial report and results announcement of the Company for the year ended 31 December 2020 have been reviewed by the audit committee of the Board. All of the Directors agree and confirm their individual and collective responsibility for preparing the accounts as contained in the financial report for the year under review. The Directors are responsible for the preparation of the financial statements for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the financial status, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2020, applicable accounting policies have been adopted and applied consistently.

VII. Management Discussion and Analysis on the Operations of the Group

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 2020

(1) Overview of operation development

In 2020, facing the complicated international and domestic situations, the Group strove to mitigate the impact of the COVID-19 epidemic, floods and other adverse factors by actively carrying out epidemic prevention and control measures, accelerating the resumption of work and production, and focusing on the keynote of the supply side structural reform of the industry to promote high-quality development. By strengthening the research and assessment of the market supply and demand situation, persisting in its adoption of a differentiated marketing strategy, the Group was able to keep reasonable pace of production and sales, maintain stable market share, fully capitalize on the platform's bulk purchase advantages, and strengthen operation management and control performance indicators. As a result, the quality of production and operation improved steadily, and the operating results reached a record high.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue amounted to RMB176,243 million, representing an increase of 12.23% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB35,130 million, representing an increase of 4.58% from that for the corresponding period of the previous year; and earnings per share were RMB6.63, representing an increase of RMB0.29 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, revenue amounted to RMB176,243 million, representing an increase of 12.23% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB35,164 million, representing an increase of 4.56% from that for the corresponding period of the previous year; and earnings per share were RMB6.64, representing an increase of RMB 0.29 per share from that for the corresponding period of the previous year.

During the Reporting Period, the Group steadily proceeded with the construction, mergers

and acquisitions of domestic and overseas projects. One clinker production line and two cement grinding units of Tibet Basu Conch Cement Co., Ltd. were completed and put into operation. The Company merged and acquired Wuhu South Cement Co. Ltd.* (“Wuhu South Cement”), adding three clinker production lines and three cement grinding units. The Company also acquired the assets of Hainan Chahe Cement Plant and established Hainan Changjiang Conch Cement Co., Ltd.*, adding two clinker production lines and two cement grinding units. In terms of overseas development, one clinker production line and two cement grinding units of Myanmar Conch (Mandalay) Cement Co., Ltd. have been completed and put into operation. By strengthening its overseas presence and increasing its efforts in market expansion, the overall operating quality of the Group’s projects in operation has been persistently improved. Construction and proposed construction projects in regions including Southeast Asia and Central Asia are in orderly progress.

During the Reporting Period, the Group increased the production capacity of clinker, cement, aggregates, and commercial concrete by 9.00 million tonnes, 10.45 million tonnes, 3.00 million tonnes and 1.20 million cubic meters, respectively. As at the end of the Reporting Period, the Group’s production capacity of clinker, cement, aggregates and commercial concrete amounted to 262 million tonnes, 369 million tonnes, 58.30 million tonnes and 4.20 million cubic meters respectively.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product and region

Principal activities by industry						
Industry	Operating revenue (RMB’000)	Operating cost (RMB’000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products)	106,885,455	56,054,108	47.56	-2.62	-3.40	Increased by 0.42 percentage point
Building material industry (trading business)	41,068,234	40,971,844	0.23	7.09	7.02	Increased by 0.07 percentage point
Principal activities by product						
Product	Operating revenue (RMB’000)	Operating cost (RMB’000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin

Building material industry (sale of self-produced products) – 42.5-grade cement ^{Note 1}	82,484,903	43,094,102	47.76	4.27	2.23	Increased by 1.04 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	13,640,985	7,037,608	48.41	-33.28	-33.12	Decreased by 0.12 percentage point
Building material industry (sale of self-produced products) –Clinker	9,524,000	5,434,101	42.94	4.41	8.75	Decreased by 2.28 percentage points
Building material industry (sale of self-produced products) – Aggregate and carpolite	1,025,462	324,704	68.34	0.30	8.02	Decreased by 2.26 percentage points
Building material industry (sale of self-produced products) – Commercial concrete	210,105	163,593	22.14	197.10	208.21	Decreased by 2.81 percentage points
Building material industry (trading business)	41,068,234	40,971,844	0.23	7.09	7.02	Increased by 0.07 percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products) – East China ^{Note 2}	30,799,830	15,109,923	50.94	-0.08	-2.96	Increased by 1.46 percentage points
Building material industry (sale of self-produced products) – Central China ^{Note 3}	34,755,436	17,516,465	49.60	-0.66	-1.14	Increased by 0.24 percentage point
Building material industry (sale of self-produced products) – South China ^{Note 4}	18,799,271	9,395,163	50.02	5.40	-0.55	Increased by 2.99 percentage points
Building material industry (sale of self-produced products) – West China ^{Note 5}	19,435,862	11,978,830	38.37	-15.43	-10.16	Decreased by 3.61 percentage points
Building material industry (sale of self-produced products) – Export	437,192	312,381	28.55	-44.06	-43.55	Decreased by 0.66 percentage point

Building material industry (sale of self-produced products) – Overseas	2,657,864	1,741,346	34.48	12.80	24.07	Decreased by 5.95 percentage points
Building material industry (trading business)	41,068,234	40,971,844	0.23	7.09	7.02	Increased by 0.07 percentage point

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

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 453 million tonnes, representing a year-on-year growth of 4.69%. Revenue generated from principal activities reached RMB147,954 million, representing a year-on-year decrease of 0.11%. Operating cost increased by 0.74% on a year-on-year basis to RMB97,026 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 0.55 percentage point to 34.42%.

The Group realised a sales volume of self-produced products of cement and clinker of 325 million tonnes, representing a year-on-year growth of 0.70%. Sales revenue from self-produced products amounted to RMB106,885 million, representing a year-on-year decrease of 2.62%. Cost of sales of self-produced products decreased by 3.40% year-on-year to RMB56,054 million. The consolidated gross profit margin of self-produced products recorded a year-on-year increase of 0.42 percentage point to 47.56%.

In order to strengthen the development of end-user sales markets, during the Reporting Period, the Group realised a sales volume of 128 million tonnes for its cement and clinker trading business, representing a year-on-year increase of 16.47%. Revenue from trading business amounted to RMB41,068 million, representing a year-on-year growth of 7.09%. Cost of trading business increased by 7.02% year-on-year to RMB40,972 million.

Sales by type of products

During the Reporting Period, gross profit margin of the Group's 42.5-grade cement decreased by 0.31 percentage point year-on-year, gross profit margin of the 32.5-grade cement increased by 0.48 percentage point year-on-year, gross profit margin of clinker decreased by 1.32 percentage points year-on-year, among which, gross profit margin of the Group's self-produced products of the 42.5-grade cement increased by 1.04 percentage points year-on-year, and gross profit margins of the Group's 32.5-grade cement and clinker

decreased by 0.12 percentage point and 2.28 percentage points year-on-year, respectively. Consolidated gross profit margin of aggregate and carpolite decreased by 2.26 percentage points year-on-year to 68.34%. Consolidated gross profit margin of commercial concrete was 22.14%, representing a year-on-year decrease of 2.81 percentage points.

Sales by region

During the Reporting Period, due to a year-on-year decrease in selling prices of products, sales amount of the Group's self-produced products decreased by varying degrees in different regions in China, except the southern region.

In East China and Central China, affected by COVID-19 and flood disaster along the Yangtze River Valley, the market demand was suppressed in phases, price dropped and sales amount in East China and Central China decreased by 0.08% and 0.66% year-on-year respectively, while gross profit margins rose by 1.46 percentage points and 0.24 percentage point year-on-year respectively, benefiting from a decrease in cost of self-produced products.

In South China, through strengthening marketing coordination and management, the Group achieved increases in sales volume and selling price, and recorded a year-on-year increase of 5.40% in sales amount; gross profit margin increased by 2.99 percentage points year-on-year.

In West China, affected by the decrease in selling price to a greater extent, sales amount decreased by 15.43% year-on-year; gross profit margin decreased by 3.61 percentage points year-on-year.

Affected by the pandemic overseas, export sales volume decreased by 51.14% year-on-year and export sales amount dropped by 44.06% year-on-year. With the successive completion and operation of overseas projects and continued improvement of sales market network, overseas project companies recorded year-on-year increases of 17.97% and 12.80% in sales volume and sales amount respectively.

2. Profit analysis

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

Items	Amount		Change from that of the corresponding period of the previous year (%)
	2020 (RMB'000)	2019 (RMB'000)	
Revenue from principal activities	147,953,689	148,114,263	-0.11
Profit from operations	46,270,771	44,057,338	5.02
Profit before taxation	47,107,917	44,556,845	5.73
Net profit attributable to equity shareholders of the Company	35,129,691	33,592,755	4.58

During the Reporting Period, due to the year-on-year decrease in the selling price of products, the Group's revenue from principal activities decreased by 0.11% year-on-year. Benefiting from the decreases of the product costs and expenses for the period, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded year-on-year increases of 5.02%, 5.73% and 4.58% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for 2020 and their year-on-year changes

Items	2020		2019		Change in costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/tonne)	Percentage (%)		
Raw materials	45.24	26.49	44.17	24.75	2.42	1.74
Fuel and power	86.73	50.79	94.47	52.93	-8.19	-2.14
Depreciation expense	11.70	6.85	12.03	6.74	-2.75	0.11
Labor cost and others	27.08	15.87	27.80	15.58	-2.56	0.29
Total	170.75	100	178.47	100	-4.32	-

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

During the Reporting Period, the consolidated costs of the Company's cement and clinker decreased by 4.32% year-on-year, which was mainly due to a year-on-year decrease of the purchase price of raw coal and the continuous optimization of the production and operation indicators of the Company.

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

Expenses for the period	2020 amount (RMB'000)	2019 amount (RMB'000)	Change from that of the corresponding period of the previous year (%)	As a	As a	Change in percentage of revenue from principal activities (percentage points)
				percentage of revenue from principal activities for the Reporting Period (%)	percentage of revenue from principal activities for the same period last year (%)	
Selling expenses	4,123,287	4,416,575	-6.64	2.79	2.98	-0.19
Administrative expenses	4,207,237	4,741,154	-11.26	2.83	3.20	-0.37

Research and development expenses	646,582	187,199	245.40	0.44	0.13	0.31
Financial expenses (income is stated in negative)	-1,514,772	-1,338,169	-13.20	-1.02	-0.90	-0.12
Total	7,462,334	8,006,759	-6.80	5.04	5.41	-0.37

During the Reporting Period, the Group's research and development expenses increased by 245.40% on a year-on-year basis, mainly due to the year-on-year increase in expenditures for the development of ultra-low emission technologies and green energy development projects for cement manufacturing by subsidiaries of the Group.

During the Reporting Period, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 5.04%, representing a decrease of 0.37 percentage point year-on-year, mainly due to the year-on-year decreases in the administrative expense and selling expense and the increase in deposit interest income. Excluding the effect of trading business income, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 6.98%, representing a decrease of 0.31 percentage point year-on-year.

4. Financial position

Asset and liability overview

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

Items	As at 31 December 2020 (RMB'000)	As at 31 December 2019 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	62,720,184	58,858,416	6.56
Current and other assets	138,252,574	119,918,766	15.29
Total assets	200,972,758	178,777,182	12.42
Current liabilities	24,223,118	27,421,190	-11.66
Non-current liabilities	8,532,820	9,035,543	-5.56
Total liabilities	32,755,938	36,456,733	-10.15
Non-controlling interests	6,394,592	4,958,767	28.96
Equity attributable to equity shareholders of the Company	161,822,228	137,361,682	17.81
Total liabilities and equity	200,972,758	178,777,182	12.42

As at the end of the Reporting Period, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB200.973 billion, representing an increase of 12.42% as compared to those at the end of the previous year. Total liabilities amounted to RMB32.756 billion, representing a decrease of 10.15% as compared to those at the end of the previous year; among which the current liabilities amounted to RMB24.223 billion, representing a decrease of 11.66% as compared to those at the end of the previous year; and non-current liabilities amounted to RMB8.533 billion, representing a decrease of 5.56% as compared to those at the end of the previous year. As at 31 December 2020, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 16.30%, representing a decrease of 4.09 percentage points as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB161.822 billion, representing an increase of 17.81% as compared to that at the end of the previous year; shareholders' equity attributable to minority shareholders amounted to RMB6.395 billion, representing an increase of 28.96% as compared to that of the end of previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB30.54, representing an increase of RMB4.62 per share as compared to that at the end of the previous year.

As at 31 December 2020, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB112.980 billion and RMB24.223 billion respectively, with a current ratio of 4.66:1 (corresponding period last year:3.54:1). The year-on-year increase in current ratio was mainly due to the increase in current assets including cash balance. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB113.106 billion and RMB24.223 billion respectively, with a net gearing ratio of -0.038 (corresponding period last year:-0.072). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

Liquidity and source of funds

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

	As at 31 December 2020 (RMB'000)	As at 31 December 2019 (RMB'000)
Due within 1 year	3,109,211	3,917,815
Due after 1 year but within 2 years	1,245,180	991,555
Due after 2 years but within 5 years	1,563,500	2,524,737
Due after 5 years	501,000	355,000
Total	6,418,891	7,789,107

As at the end of the Reporting Period, the Group's bank borrowings were RMB6.419 billion, representing a decrease of RMB1.370 billion as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of due loans during the Reporting Period.

Save for the aforesaid borrowings, the Group had corporate bonds in a principal amount of RMB3.499 billion which would be due after 1 year but within 2 years.

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

Analysis of cash flow

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

	2020 (RMB'000)	2019 (RMB'000)	Changes (%)
Net cash flow generated from operating activities	34,797,213	40,738,205	-14.58
Net cash flow generated from investment activities	-26,772,879	-20,688,848	-29.41
Net cash flow generated from financing activities	-13,262,021	-7,911,895	-67.62
Effect of exchange rate movement on cash and cash equivalents	-100,073	19,011	-626.40
Net (decrease)/ increase in cash and cash equivalents	-5,337,761	12,156,473	-143.91
Balance of cash and cash equivalents at the beginning of the year	22,014,145	9,857,672	123.32
Balance of cash and cash equivalents at the end of the year	16,676,384	22,014,145	-24.25

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB34.797 billion, representing a year-on-year decrease of RMB5.941 billion. Such decrease was mainly due to a year-on-year increase in the Group's cash outflows in purchasing commodities during the Report Period.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB6.084 billion as compared to that of last year, mainly due to that the fixed term deposits with maturity over three months subscribed by the Group and wealth management products have not reached maturity during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB5.350 billion as compared to that of last year, primarily attributable to a

year-on-year increase in the payment of cash dividends to shareholders for the previous year by the Group.

5. Capital expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB10.883 billion, which was primarily used in the construction of cement and clinker production lines, the technology modification for energy conservation and environmental protection, investment in residual heat generation projects and the construction of aggregate projects, as well as used for the expenditure in mergers and acquisitions projects.

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

	As at 31 December 2020 (RMB'000)	As at 31 December 2019 (RMB'000)
Authorized and contracted for	3,798,327	3,979,444
Authorized but not contracted for	1,426,512	871,538
Total	5,224,839	4,850,982

OUTLOOK FOR 2021

2021 marks the ground-breaking year of the “14th Five-Year Plan”, in which the central government will adhere to the main theme of making progress while maintaining stability. Under the commencement of the new development stage, the new development concept will be upheld and a new development landscape will be constructed. Aiming to promote high-quality development, with deepening the supply-side structural reforms as the main line, and fundamentally driven by reform and innovation, it will consolidate and expand the results of epidemic prevention and control as well as economic and social development and steadily develop the “six stabilities” (六穩), fully implement the “six guarantees” (六保), and implement scientific and accurate macroeconomic policies which require proactive fiscal policies to be aimed at improving quality and efficiency and being more sustainable, and prudent monetary policies to be agile, precise and reasonable. It will persistently adopt the strategy of boosting domestic demand and high-level opening-up, focus on creating a smooth economic cycle, and strive to keep the economy operations within a reasonable range. A year-on-year GDP growth rate of more than 6% for the entire year is anticipated. (Source: Government Work Report of 2021)

In 2021, the state will increase effective investments and continue to support major construction projects which can boost regional coordinated development. It will speed up the construction of new infrastructure, drive investment demand with new urbanization, implement urban renovation actions, promote the transformation of decrepit urban

communities, and promote the integrated development of city clusters and metropolitan areas; it will also accelerate the construction of a transportation powerhouse, and provide strong support for infrastructure investment. In respect of real estate, the state adheres to the positioning of "houses are for inhabitation and not for speculation" to promote the healthy and stable development of the real estate market. However, with the introduction of new financing regulations for real estate enterprises and the continuous tightening of regulations, new construction in the real estate industry will face downward pressure, which may affect the demand for the cement market to a certain degree. At the same time, the state will continue to make greater efforts on ecological and environmental treatment, strengthen the comprehensive treatment of air pollution, strive for peaking carbon emissions and carbon neutrality, and achieve the synergy of reducing pollution and carbon. The continuous normalization of off-peak production in the cement industry has a positive effect on mitigating supply contraction and absorbing excess capacity. However, some regions will still face pressure to increase production capacity, which may have a certain impact on several local markets.

In respect of investment development, the Group will continue to steadily advance its international development. We will pursue the simultaneous development of new construction and mergers and acquisitions, actively seek development opportunities, accelerate the implementation of contracted projects and the construction of launched projects, and further improve the quality and achieve the greater effectiveness of projects that are under operation. The Group will step up efforts to accelerate domestic development. We will follow the guidance of Company's "14th Five-Year Plan" in order to optimize the strategic layout, enhance the control of the regional market, accelerate the construction of projects, and seek potential acquisition targets. The Group will continuously accelerate the extension of the upstream and downstream industrial chains. We will fully expand the aggregates industry, strengthen the operation and management of the projects and fully capitalize production capacity; and improve the commercial models for commercial concrete projects, thereby further expanding the industry scale. We will comprehensively summarize the experience of prefabricated construction projects and focus on strengthening market development, so as to ensure that its production and operation would gradually enter into a virtuous cycle.

In 2021, the Group's planned capital expenditures will amount to approximately RMB15.0 billion, which will be funded primarily by internal resources and will be used mainly for project construction, energy conservation and environmental protection technological modification projects, and merger and acquisition projects. It is expected that the production capacities of clinker and cement will be increased by 1.80 million tonnes and 6.80 million tonnes respectively.

In respect of operation management, the Group will pay close attention to the domestic and international macroeconomic situation, coordinate the promotion of epidemic prevention

and control and production and operation management, seize the trend of the cement industry, and deeply research and assess on the market supply and demand situation, promote marketing model innovation, optimize logistics resource configuration, and strengthen the control over the end-user market. The Group will fully capitalize in the domestic and international markets and focus on the global resource allocation; continue to properly carry out the traceability and source control of bulk raw materials, deepen strategic cooperation with large-scale coal companies, pay great attention to the guaranteed supply of key resources, expand the development and use of the alternative resources, and strive to reduce the comprehensive procurement cost. The Group will also implement the "green building materials" strategy, increase investment in environmental protection, accelerate industry transformation and upgrade, promote energy-saving and emission-reducing technological transformation, and promote green and low-carbon development. We will intensify cooperation among industry, universities and research institutes, focus on research of forward-looking technologies, and establish a professional and high-end technology team; deeply promote the informatisation and industrialisation integration and accelerate the transformation of intelligent factory's results, and comprehensively enhance innovation as the driving force; optimize the internal management and control model, strengthen the construction of the talent team, enhance the incentive and appraisal mechanism, stimulate innovation and creativity of talents to drive the Company's high-quality development.

The Group plans to achieve a net sales volume (net of trading volume) of 325 million tonnes of cement and clinker for 2021, approximately the same on a year-on-year basis. It is expected that the cost of products per tonne will increase slightly and the expenses of products per tonne will remain generally stable.

In 2021, the Group may be exposed to the following four major risks:

1. The cement industry in which the Company operates is relatively highly reliant on the construction industry and is relatively closely related to the growth rates of property investment. As the state further tightens regulation on the real estate industry, the real estate industry is facing downward pressure, which may adversely affect the market demand for cement.

To address the above-mentioned risks, the Group will closely monitor changes in the country's macro-economic conditions, enhance its study and assessment on market supply and demand condition, further intensify end-user market development, strengthen coordination of integrated regional marketing efforts, and capture the increasing demands driven by the government's policy of infrastructure investment to boost economic growth, in an effort to increase its market share.

2. The state will continue to strengthen pollution prevention and control and ecological construction and consolidate the achievements of Blue Sky, Clean Water and Rich Soil Protection Campaign, thereby environmental protection management and control will still

remain under high pressure. The introduction of new environmental protection policies such as peaking carbon emission and carbon neutrality puts forward higher requirements for low-carbon environmental protection management of cement companies, which promotes green and sustainable development and at the same time production and operation costs of enterprises is expected to be increased.

To address the above-mentioned risks, the Group will study thoroughly and comply with the state's laws and regulations in relation to environmental protection, continue to increase investment in environmentally-friendly technology modification, continue to push forward the improvement of SCR denitration, noise abatement and the modification of dust collection. We will study and formulate a medium to long-term solution for lowering carbon emission, so as to strengthen the advanced environmental protection technologies, accelerate industry transformation, thereby upgrading and promoting the green and low-carbon development.

3. The cost of coal and electricity accounts for a relatively high percentage of the production cost of clinker. Any substantial surge in coal price due to factors such as policy adjustment or changes in market supply-and-demand condition will result in increasing production costs for the Group. If the increase in cost resulting from the above factors could not be entirely transferred to the product price, the Company's profitability will be affected to certain extent.

In order to address the above-mentioned risks, the Group will strive to reduce the procurement costs of raw material and fuel to the maximum extent by conducting in-depth study and assessment on the changes of the trend for the market supply and demand for coal and other raw material and fuel, strengthening strategic cooperation with large-scale coal corporations, expanding resource channels via long-term agreements, increasing proportion of procuring of high-quality resources, and implementing cross-regional planning and allocation of coal resources. Meanwhile, the Group will strengthen technological improvement on energy conservation and consumption reduction, and continue to enhance the refined management of production lines, so as to ensure continuous optimization of the indicators of coal and electricity consumption and reduce the costs of coal and electricity.

4. Affected by the continuous spread and repeated relapse of the epidemic overseas, which bring inconveniences to the Company's overseas projects in terms of labor dispatch and research and demonstration, project implementation is subject to certain uncertainties. If the epidemic is not effectively prevented and controlled overseas for a long time, the Company's international development strategy may progress slowly as a result.

To address the above-mentioned risks, the Company will closely monitor the international epidemic situation, strive to overcome difficulties, fully capitalize in the international and domestic markets, strengthen the overall allocation of resources, pool the efforts of all stakeholders to improve the quality of overseas project operations. With a more open mind,

we will actively seek more opportunities for international development in the post-epidemic era.

VIII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 2020 amounted to RMB35,129.69 million and RMB35,163.54 million respectively. The Board of the Company proposed the appropriation of the profit for the year ended 31 December 2020 as follows:

(1) Pursuant to the requirements of the Companies Law of the PRC and the Articles of the Association of the Company, the Company shall allocate 10% of its profit after tax for the year to the statutory surplus reserve, provided that no allocation is required if the accumulated statutory surplus reserve exceeds 50% of the registered capital of the Company. As the statutory surplus reserve had reached 50% of the registered capital of the Company, no allocation was made for the year 2020.

(2) Based on the Company's total number of issued shares of 5,299,302,579 shares in its share capital as at 31 December 2020, the payment of a final dividend of RMB2.12 per share (tax inclusive) is proposed, totaling RMB11,234.52 million.

(3) The date of payment of final dividend to the holders of the Company's H Shares is expected to be around Thursday, 24 June 2021. Details of the payment of final dividend will be set out in the circular of the Company in respect of profit appropriation and other matters to be despatched to its shareholders in due course.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2020.

IX. Financial Information

Financial information extracted from the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2020 and audited consolidated statement of financial position of the Group at 31 December 2020 together with the 2019 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss

for the year ended 31 December 2020

	<i>Note</i>	<i>2020</i>	<i>2019</i>
		RMB'000	RMB'000
Revenue	4(3)	176,242,682	157,030,328
Cost of sales and services rendered		<u>(126,100,500)</u>	<u>(106,124,123)</u>
Gross profit		50,142,182	50,906,205
Other revenue	4(4)	4,852,037	3,316,740
Other net income	4(4)	766,457	491,044
Selling and marketing costs		(4,123,287)	(4,416,575)
Administrative expenses		<u>(4,851,418)</u>	<u>(6,109,168)</u>
Profit from operations		46,785,971	44,188,246
Finance costs	4(5)(a)	(446,777)	(446,008)
Share of profits of an associate		377,264	381,610
Share of profits of joint ventures		<u>427,223</u>	<u>472,013</u>
Profit before taxation	4(5)	47,143,681	44,595,861
Income tax	4(6)(b)	<u>(10,737,738)</u>	<u>(10,204,839)</u>
Profit for the year		<u><u>36,405,943</u></u>	<u><u>34,391,022</u></u>

1. Consolidated statement of profit or loss (contd.)

for the year ended 31 December 2020

	<i>Note</i>	<i>2020</i>	<i>2019</i>
		RMB'000	RMB'000
Attributable to:			
Equity shareholders of the Company		35,163,538	33,629,803
Non-controlling interests		1,242,405	761,219
		<hr/>	<hr/>
Profit for the year		36,405,943	34,391,022
		<hr/>	<hr/>
Earnings per share	4(8)		
- Basic		RMB6.64	RMB6.35
		<hr/>	<hr/>
- Diluted		RMB6.64	RMB6.35
		<hr/>	<hr/>

2. Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2020

	<i>Note</i>	<i>2020</i>	<i>2019</i>
		RMB'000	RMB'000
Profit for the year		36,405,943	34,391,022
		-----	-----
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)		110,949	(3,270)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(213,625)	31,816
Share of other comprehensive income of investees		7,283	10,014
		-----	-----
Other comprehensive income for the year		(95,393)	38,560
		-----	-----
Total comprehensive income for the year		36,310,550	34,429,582
		=====	=====
Attributable to:			
Equity shareholders of the Company		35,096,554	33,663,063
Non-controlling interests		1,213,996	766,519
		-----	-----
Total comprehensive income for the year		36,310,550	34,429,582
		=====	=====

3. Consolidated statement of financial position

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
- Investment properties			84,159		85,734
- Other property, plant and equipment			72,752,905		70,163,505
Intangible assets			8,496,930		5,048,093
Goodwill			576,042		514,398
Interest in an associate			2,370,857		2,057,501
Interests in joint ventures			1,852,183		1,763,112
Loans and receivables			459,716		374,312
Long-term prepayments			31,366		133,000
Financial assets measured at FVOCI			391,241		326,096
Deferred tax assets			851,777		1,099,391
			87,867,176		81,565,142
			87,867,176		81,565,142
Current assets					
Inventories		7,001,615		5,571,523	
Assets held for sale		-		9,811	
Trade and bills receivables	4(9)	10,888,831		12,995,665	
Financial assets measured at fair value through profit and loss ("FVPL")		26,882,714		16,782,737	
Prepayments and other receivables		5,802,159		6,495,639	
Amounts due from related parties		292,154		347,819	
Tax recoverable		60,941		31,768	
Restricted cash deposits		539,881		459,336	
Bank deposits with original maturity over three months		44,960,903		32,503,597	
Cash and cash equivalents		16,676,384		22,014,145	
		113,105,582		97,212,040	
		113,105,582		97,212,040	

3. Consolidated statement of financial position (contd.)

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade payables	4(10)	4,565,797		7,145,833	
Other payables and accruals		7,429,267		8,248,581	
Current portion of long-term payables		519,477		437,358	
Contract liabilities		4,237,555		3,492,486	
Bank loans and other borrowings		3,109,211		3,917,815	
Lease liabilities		17,107		20,275	
Amounts due to related parties		383,924		263,521	
Current taxation		3,960,783		3,895,321	
		<u>24,223,121</u>		<u>27,421,190</u>	
Net current assets			88,882,461		69,790,850
Total assets less current liabilities			<u>176,749,637</u>		<u>151,355,992</u>
Non-current liabilities					
Bank loans and other borrowings		6,808,050		7,369,346	
Lease liabilities		23,323		34,833	
Long-term payables		397,439		458,132	
Deferred income		686,349		639,134	
Deferred tax liabilities		771,567		723,773	
			<u>8,686,728</u>		<u>9,225,218</u>
NET ASSETS			<u>168,062,909</u>		<u>142,130,774</u>

3. Consolidated statement of financial position (contd.)

	<i>Note</i>	<u>31 December 2020</u>		<u>31 December 2019</u>	
		RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES					
Share capital			5,299,303		5,299,303
Reserves			<u>156,381,492</u>		<u>131,887,099</u>
Total equity attributable to equity shareholders of the Company			161,680,795		137,186,402
Non-controlling interests			<u>6,382,114</u>		<u>4,944,372</u>
TOTAL EQUITY			<u><u>168,062,909</u></u>		<u><u>142,130,774</u></u>

Approved and authorised for issue by the board of directors on 25 March 2021.

4. Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments;
- bank acceptance notes receivable measured at FVOCI; and
- derivative financial instruments

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

(2) Changes in accounting policies

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

Amendments to IFRS 3, *Definition of a Business*

Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*

Amendments to IAS 1 and IAS 8, *Definition of Material*

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(3) Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by service lines		
- Sales of clinker and cement products	106,885,455	109,765,715
- Trading of clinker and cement products	41,068,234	38,348,548
- Trading of other materials	27,674,828	8,624,507
- Service income	614,165	291,558
	<hr/>	<hr/>
	176,242,682	157,030,328
	<hr/>	<hr/>
Disaggregated by geographical location of customers		
- Eastern China	63,461,938	47,439,666
- Central China	50,872,149	53,151,970
- Southern China	24,737,220	22,493,348
- Western China	34,184,978	31,239,428
- Overseas	2,986,397	2,705,916
	<hr/>	<hr/>
	176,242,682	157,030,328
	<hr/>	<hr/>

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

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

(3) Revenue and segment reporting (contd.)

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

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

(b) Segment reporting

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

(i) Segment results, assets and liabilities

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

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

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

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

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortization and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

(3) Revenue and segment reporting (contd.)

Disaggregation of revenue from contracts with customers by the type and timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

For the year ended 31 December 2020

	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Subtotal</i>	<i>Elimination</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	30,803,856	35,182,912	19,033,746	19,715,391	2,546,286	107,282,191	-	107,282,191
Trading	32,181,417	15,623,567	5,692,393	14,431,866	417,083	68,346,326	-	68,346,326
Service Income	476,665	65,670	11,081	37,721	23,028	614,165	-	614,165
Revenue from external customers	63,461,938	50,872,149	24,737,220	34,184,978	2,986,397	176,242,682	-	176,242,682
Disaggregated by timing of revenue recognition								
Point in time	62,985,273	50,806,479	24,726,139	34,147,257	2,963,369	175,628,517	-	175,628,517
Over time	476,665	65,670	11,081	37,721	23,028	614,165	-	614,165
Revenue from external customers	63,461,938	50,872,149	24,737,220	34,184,978	2,986,397	176,242,682	-	176,242,682
Inter-segment revenue	5,008,921	24,612,598	396,199	650,657	546,605	31,214,980	(31,214,980)	-
Reportable segment revenue	68,470,859	75,484,747	25,133,419	34,835,635	3,533,002	207,457,662	(31,214,980)	176,242,682
Reportable segment profit (profit before taxation)	6,354,047	49,446,251	7,921,658	6,306,022	475,131	70,503,109	(23,395,192)	47,107,917

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2020

	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Subtotal</i>	<i>Elimination</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	17,451	2,387,226	14,199	19,695	25,445	2,464,016	(239,399)	2,224,617
Interest expense	(64,456)	(288,510)	(45,963)	(103,742)	(191,663)	(694,334)	247,557	(446,777)
Depreciation and amortisation for the year	495,325	2,212,665	818,390	1,501,497	419,775	5,447,652	(18,089)	5,429,563
Reportable segment assets (including interests in an associate and joint ventures)	17,871,308	175,972,281	22,365,401	28,065,334	12,695,193	256,969,517	(55,996,759)	200,972,758
Investment in an associate and joint ventures	-	1,568,969	-	2,370,857	283,214	4,223,040	-	4,223,040
Additions to non-current segment assets during the year	377,448	6,453,411	3,117,488	1,743,607	488,302	12,180,256	-	12,180,256
Reportable segment liabilities	11,570,513	22,655,093	8,937,461	12,686,518	9,390,044	65,239,629	(32,483,690)	32,755,939

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2019

	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Subtotal</i>	<i>Elimination</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	29,935,647	37,421,119	19,578,262	21,516,027	2,439,750	110,890,805	-	110,890,805
Trading	17,368,828	15,613,851	2,900,056	9,699,064	266,166	45,847,965	-	45,847,965
Service Income	135,191	117,000	15,030	24,337	-	291,558	-	291,558
Revenue from external customers	47,439,666	53,151,970	22,493,348	31,239,428	2,705,916	157,030,328	-	157,030,328
Disaggregated by timing of revenue recognition								
Point in time	47,304,475	53,034,970	22,478,318	31,215,091	2,705,916	156,738,770	-	156,738,770
Over time	135,191	117,000	15,030	24,337	-	291,558	-	291,558
Revenue from external customers	47,439,666	53,151,970	22,493,348	31,239,428	2,705,916	157,030,328	-	157,030,328
Inter-segment revenue	7,425,653	26,785,893	470,393	530,258	109,015	35,321,212	(35,321,212)	-
Reportable segment revenue	54,865,319	79,937,863	22,963,741	31,769,686	2,814,931	192,351,540	(35,321,212)	157,030,328
Reportable segment profit (profit before taxation)	5,253,523	30,367,478	6,737,349	5,848,566	473,727	48,680,643	(4,123,798)	44,556,845

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2019

	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Subtotal</i>	<i>Elimination</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	16,030	1,962,310	15,312	25,726	5,657	2,025,035	(436,203)	1,588,832
Interest expense	(37,873)	(232,061)	(168,027)	(211,093)	(244,362)	(893,416)	447,408	(446,008)
Depreciation and amortisation for the year	(511,066)	(2,094,397)	(770,265)	(1,514,631)	(396,738)	(5,287,097)	16,134	(5,270,963)
Impairment losses of property, plant and equipment	258,719	70,767	-	834,724	-	1,164,210	-	1,164,210
Reportable segment assets (including interests in associates and joint ventures)	17,510,170	136,183,811	18,671,860	26,813,216	12,633,079	211,812,136	(33,034,954)	178,777,182
Investment in associates and joint ventures	-	1,559,921	-	2,057,501	203,191	3,820,613	-	3,820,613
Additions to non-current segment assets during the year	1,881,476	3,098,887	827,040	1,925,937	2,156,471	9,889,811	-	9,889,811
Reportable segment liabilities	8,960,453	16,248,054	4,302,459	7,401,124	10,388,395	47,300,485	(10,843,751)	36,456,734

(3) Revenue and segment reporting (contd.)

(ii) Reconciliations of reportable segment revenues, profit, assets and liabilities to the consolidated figures as reported in the consolidated financial statements

	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	176,242,682	157,030,328
Consolidated revenue	<u>176,242,682</u>	<u>157,030,328</u>
	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
Profit		
Reportable segment profit (profit before taxation)	47,107,917	44,556,845
Difference between CAS and IFRS*	35,764	39,016
Consolidated profit before taxation	<u>47,143,681</u>	<u>44,595,861</u>
	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
Assets		
Reportable segment assets	200,972,758	178,777,182
Consolidated total assets	<u>200,972,758</u>	<u>178,777,182</u>
	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
Liabilities		
Reportable segment liabilities	32,755,939	36,456,734
Difference between CAS and IFRS*	153,910	189,674
Consolidated total liabilities	<u>32,909,849</u>	<u>36,646,408</u>

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

(3) Revenue and segment reporting (contd.)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill, interests in an associate and joint ventures, loans and receivables ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered to. The geographical location of the specified non-current assets is based on the physical locations of the assets or the locations of the operations.

	<i>Revenue</i>		<i>Specified</i>	
	<i>from external customers</i>		<i>non-current assets</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	172,662,044	152,894,657	78,229,183	71,894,284
Others	3,580,638	4,135,671	8,520,736	8,347,807
	<u>176,242,682</u>	<u>157,030,328</u>	<u>86,749,919</u>	<u>80,242,091</u>

(4) Other revenue and other net income

	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
<i>Other revenue</i>		
Interest income on financial assets measured at amortised cost	2,224,617	1,588,832
Subsidy income*	1,927,178	1,401,192
Investment income on wealth management products issued by bank	<u>700,242</u>	<u>326,716</u>
	<u>4,852,037</u>	<u>3,316,740</u>

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

(4) Other revenue and other net income (contd.)

	2020	2019
	RMB'000	RMB'000
<i>Other net income</i>		
Net gain/(loss) on disposal of property, plant and equipment	810,517	(68,356)
Net realised and unrealised loss on derivative financial instruments	(525)	(24,615)
Net realised and unrealised gain on wealth management products	100,501	282,212
Net gain on liquidation of a subsidiary and liquidation of investment in an associate	45,764	28,742
Net exchange (loss)/gain	(260,561)	205,689
Others	70,761	67,372
	<u>766,457</u>	<u>491,044</u>

(5) Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2020	2019
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	458,122	444,301
Interest on lease liabilities	2,353	2,798
	<u>460,475</u>	<u>447,099</u>
Interest expense on financial liabilities not at FVPL	460,475	447,099
Less: Interest expense capitalised into construction-in-progress*	(13,698)	(1,091)
	<u>446,777</u>	<u>446,008</u>

* The borrowing costs have been capitalised at rates of 2.48%~2.64% (2019: 2.48%).

(5) Profit before taxation (contd.)

	2020	2019
	RMB'000	RMB'000
(b) Staff costs*		
Salaries, wages and other benefits	7,152,896	6,658,933
Contributions to defined contribution retirement plans	124,066	556,312
Annuity	270,344	233,650
	<u>7,547,306</u>	<u>7,448,895</u>

Due to the impact of COVID-19 in 2020, a number of policies including the reduction of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which resulted in the reduction of certain contributions to defined contribution scheme during the year ended 31 December 2020.

(c) Other items	2020	2019
	RMB'000	RMB'000
Amortisation		
- intangible assets	303,860	203,535
Depreciation		
- investment properties	3,464	2,979
- property, plant and equipment	5,122,239	5,064,449
(Reversal of impairment losses)/Impairment losses		
- trade receivables	(3,948)	7,011
- prepayments and other receivables	(960)	-
- property, plant and equipment	-	1,164,210
Auditors' remuneration		
- audit services	5,500	5,500
- other services	149	195
Research and development costs	646,582	187,199
Cost of inventories*	124,024,705	104,449,113

* Cost of inventories includes RMB8,614,054,000 (2019: RMB8,269,931,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

(6) Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2020 RMB'000	2019 RMB'000
Current tax		
Provision for the year	10,545,031	10,112,599
Under/(over)-provision in respect of prior years	11,951	(20,791)
	<u>10,556,982</u>	<u>10,091,808</u>
Deferred tax		
Origination and reversal of temporary differences	<u>180,756</u>	<u>113,031</u>
	<u>10,737,738</u>	<u>10,204,839</u>

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

Pingliang Conch Cement Co., Ltd. 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. 貴定海螺盤江水泥有限責任公司 (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. 千陽海螺水泥有限責任公司 (Note (i))	15%
Bazhong Conch Cement Co., Ltd. 巴中海螺水泥有限責任公司 (Note (i))	15%
Wenshan Conch Cement Co., Ltd. 文山海螺水泥有限責任公司 (Note (i))	15%

(6) Income tax in the consolidated statement of profit or loss (contd.)

Longan Conch Cement Co., Ltd. 隆安海螺水泥有限責任公司 (Note (i))	15%
Linxia Conch Cement Co., Ltd. 臨夏海螺水泥有限責任公司 (Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. 銅仁海螺盤江水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. 乾縣海螺水泥有限責任公司 (Note (i))	15%
Qianxinan Resource Development Co., Ltd. 黔西南州發展資源開發有限公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. 雲南壯鄉水泥股份有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. 梁平海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. 贛州海螺水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. 盈江縣允罕水泥有限責任公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. 昆明海螺水泥有限公司 (Note (i))	15%
Shaanxi Tongchuan Fenghuang Construction Co., Ltd. 陝西銅川鳳凰建材有限公司 (Note (i))	15%
Chongqing Conch Material Trading Co., Ltd. 重慶海螺物資貿易有限責任公司 (Note (i))	15%
Tongchuan Conch New Material Co., Ltd. 銅川海螺新材料有限責任公司 (Note (i))	15%
Basu Conch Cement Co., Ltd. 八宿海螺水泥有限責任公司 (Note (i))	15%

(6) Income tax in the consolidated statement of profit or loss (contd.)

Anhui Wuhu Conch Construction and Installation Co., Ltd. (“Conch Construction”)

安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii)) 15%

Anhui Conch Siam Refractory Material Co., Ltd. (“Refractory Material”)

安徽海螺暹羅耐火材料有限公司 (Note (ii)) 15%

Notes:

- (i) Pursuant to Notice No.4 issued by the State Administration of Taxation of PRC on 10 March 2015 and relevant local tax authorities’ notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC. These companies mentioned above are entitled to a preferential income tax rate of 15% in 2020 (2019: 15%).
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise.

Conch Construction has obtained a high and new technology enterprise certification in 2015 and obtained a renewed certification in 2018. Accordingly, it is entitled to a preferential income tax rate of 15% from 2018 to 2020.

Refractory Material has obtained a high and new technology enterprise certification in 2016 and obtained a renewed certification in 2019. Accordingly, it is entitled to a preferential income tax rate of 15% from 2019 to 2021.

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

Subsidiaries’ Name	Tax rates
Conch International Holding (HK) Co., Ltd., a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. and Vientiane Conch Cement Co., Ltd., subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company, a subsidiary in Russia	20%
Battambang Conch Cement Company Limited (“Battambang Conch”). a subsidiary in Cambodia (Note (i))	20%
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	7.5%
Conch KT Cement (Phnom Penh) Company Limited, a subsidiary in Cambodia	20%

Note:

- (i) Battambang Conch was accredited as a Qualified Investment Project by the Cambodian Development Council in April 2016. According to local investment laws, it can enjoy income tax exemption for 9 years from the year when the company generates its revenue and income tax exemption for 6 years from the year when the company generates its profit, whichever is shorter. Battambang Conch started sales in 2018 and became profitable in 2019. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

(6) Income tax in the consolidated statement of profit or loss (contd.)

(b) Reconciliation between actual tax expense and accounting profit at applicable tax rate:

	<i>2020</i> RMB'000	<i>2019</i> RMB'000
Profit before taxation	47,143,681	44,595,861
Notional tax on profit before taxation calculated at 25% (2019: 25%)	11,785,920	11,148,965
Tax effect of subsidiaries subject to tax rates other than 25%	(823,890)	(766,080)
Tax effect of non-deductible expenses	13,018	12,957
Tax effect of non-taxable income	(211,325)	(221,314)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	-	12,268
Under/(over)-provision in respect of prior years	11,951	(20,791)
Others	(37,936)	38,834
Actual tax expense	10,737,738	10,204,839

(7) Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	<i>2020</i> RMB'000	<i>2019</i> RMB'000
Final dividend proposed after the statement of financial position date of RMB2.12 (2019: RMB2.00) per ordinary share	11,234,521	10,598,605

The final dividend proposed for shareholders' approval after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	<i>2020</i> RMB'000	<i>2019</i> RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB2.00 (2019: RMB1.69) per ordinary share	10,598,605	8,955,821

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2020 of RMB35,163,538,000 (2019: RMB33,629,803,000) and the weighted average number of shares in issue during the year ended 31 December 2020 of 5,299,303,000 shares (2019: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2020 and 2019, therefore, diluted earnings per share is the same as the basic earnings per share.

(9) Ageing analysis of trade receivables

The following ageing analysis of trade debtors (net of loss allowance) are based on invoice date as of the end of the Reporting Period:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	RMB'000	RMB'000
Within 1 year	1,201,451	1,257,023
1 to 2 years	865	12,654
	<hr/>	<hr/>
	<u>1,202,316</u>	<u>1,269,677</u>

Trade debtors are due within 30 to 60 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period. Bank acceptance notes receivable are due within 1 year from the date of issuance.

(10) Ageing analysis of trade payables

Included in trade payables are trade creditors with the following ageing analysis based on invoice date at the end of the Reporting Period:

	<i>31 December 2020</i>	<i>31 December 2019</i>
	RMB'000	RMB'000
Within 1 year (inclusive)	4,565,797	7,136,013
Between 1 year and 2 years (inclusive)	-	6,270
Between 2 years and 3 years (inclusive)	-	89
Over 3 years	-	3,461
	<hr/>	<hr/>
	<u>4,565,797</u>	<u>7,145,833</u>

(11) Business combinations

During the year ended 31 December 2020, a 51% owned subsidiary of the Group acquired one significant subsidiary, namely Wuhu South Cement through business combination. Details of the acquired subsidiary are as follows:

<i>Name of the company</i>	<i>Voting right/ effective equity interests</i>	<i>Date of acquisition</i>	<i>Principal activities</i>
Wuhu South Cement	51%/ 26.01%	30 April 2020	Manufacture and sale of clinker and cement products

Summary of net assets acquired in Wuhu South Cement and the goodwill arising at the acquisition date are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	Wuhu South Cement RMB'000
Property, plant and equipment	1,183,164
Intangible assets	430,485
Long-term prepayments	-
Deferred tax assets	1,609
Inventories	45,196
Tax recoverable	332
Trade receivables, prepayments and other receivables	35,277
Cash and cash equivalents	14,519
Trade payables and other liabilities	(926,543)
Deferred tax liabilities	(96,309)
	<hr/>
Total net identifiable assets of the acquiree	687,730

Goodwill

Goodwill has been recognised as a result of the acquisition of Wuhu South Cement as follows:

	Wuhu South Cement RMB'000
Total cash consideration	412,386
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquiree	336,988
Fair value of net identifiable assets	(687,730)
	<hr/>
Goodwill arising from the above acquisition	61,644

(11) Business combinations (contd.)

The goodwill arises from the acquisition represents the benefits of expected synergies to be achieved from integrating the business into the Group's existing business, future market development potential and the acquired workforce.

During the period from the acquisition date to 31 December 2020, Wuhu South Cement contributed revenue of RMB1,238,061,000 and net profit of RMB360,874,000 to the Group's results. Had the acquisition occurred on 1 January 2020, management estimates that the consolidated revenue of the Group for the year ended 31 December 2020 would have been RMB176,861,713,000 and the consolidated net profit for the year would have been RMB36,550,616,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would remain the same as if the acquisition had occurred on 1 January 2020.

(12) Contingent liabilities

At 31 December 2020, outstanding letters of credit issued by the Group amounted to RMB 142,146,000 (2019: RMB145,297,000). The directors do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2020, the Group has issued guarantees to banking facilities of its related parties, PT SDIC Papua Cement Indonesia and Myanmar Conch Cement Company Limited, amounting to RMB899,095,000 in aggregate (2019: RMB1,061,695,000). These facilities were utilised to the extent of RMB899,095,000 (2019: RMB1,061,695,000) as at 31 December 2020. The directors do not consider it probable that a claim will be made against the Group under any of these guarantees.

By Order of the Board
Anhui Conch Cement Company Limited
Chairman
Gao Dengbang

Wuhu City, Anhui Province, the PRC
25 March 2021

As at the date of this announcement, the Board comprises (i) Mr Gao Dengbang, Mr Wang Jianchao, Mr Wu Bin and Mr Li Qunfeng as executive Directors; (ii) Mr Ding Feng as non-executive Director; (iii) Mr Leung Tat Kwong Simon, Ms Zhang Yunyan and Mr Zhang Xiaorong as independent non-executive Directors.

** The English translation of the PRC entities included in this announcement is for identification purpose only.*