

CONCH

Anhui Conch Cement Company Limited

(H Share: 00914, A Share: 600585)

**2020
ANNUAL REPORT**





Important

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the sixth meeting of the eighth session of the Board.
3. KPMG and KPMG Huazhen LLP issued a standard unqualified audit report for the Company.
4. Mr. Gao Dengbang, Chairman, Mr. Wu Bin, officer-in-charge of the accounting function and Ms. Liu Yan, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. As considered by the sixth meeting of the eighth session of the Board of the Company, the annual profit distribution proposal for 2020 is a cash dividend of RMB2.12 per share (tax inclusive). No capitalization of common reserve fund was made.
6. Declaration of risks with respect to the forward-looking statements: the Company's plans for 2021 concerning its capital expenditure, new production capacity and net sales objectives as disclosed herein do not constitute any substantive commitment to investors. Investors and the public are advised to be cautious of any investment risks.
7. There was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
8. There was no external guarantee provided in violation of the established decision-making procedures.
9. There does not exist that more than half of the Directors of the Company being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
10. Material risk alert: Chapter 5 of this report discloses the risks that the Company may be exposed to in 2021, including risks related to the policies, environmental protection regulations, fluctuation of price of energy resources, and the situation of COVID-19 pandemic around the world. Investors are reminded to read it carefully.

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1. Definitions

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

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the Board of Directors of the Company
Director(s)	:	the Director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Remuneration and Nomination Committee	:	the remuneration and nomination committee of the Board
Audit Committee	:	the audit committee of the Board
Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Profiles and Science	:	Wuhu Conch Profiles and Science Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000619)
Conch Investment Company	:	Anhui Conch Investment Co., Ltd.
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.



1. Definitions

Conch IT Engineering	:	Anhui Conch Information Technology Engineering Co., Ltd.
Conch New Materials Company	:	Anhui Conch New Materials Technology Co., Ltd.
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch HK	:	Conch International Holdings (HK) limited
SPIC Anhui Conch Clean Energy	:	Anhui Conch Clean Energy Co., Ltd. under SPIC
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Company Limited
Battambang Conch	:	Battambang Conch Cement Co., Ltd.
Bengbu Conch	:	Bengbu Conch Cement Co., Ltd.
Chongqing Conch	:	Chongqing Conch Cement Co., Ltd.
Chizhou Conch	:	Anhui Chizhou Conch Cement Co., Ltd.
Changfeng Conch	:	Anhui Changfeng Conch Cement Co., Ltd.
Digang Conch	:	Anhui Digang Conch Cement Co., Ltd.
Dazhou Conch	:	Dazhou Conch Cement Co., Ltd.
Huaining Conch	:	Anhui Huaining Conch Cement Co., Ltd.
Huainan Conch	:	Huainan Conch Cement Co., Ltd.



1. Definitions

Jiangsu Conch Building Materials:	Jiangsu Conch Building Materials Co., Ltd.
Jiangbei Haizhong	: Anhui Jiangbei Haizhong Construction Trading Co., Ltd.
Jiande Conch	: Jiande Conch Cement Co., Ltd.
Indonesia South Conch	: PT Conch South Kalimantan Cement
Ningguo Cement Plant	: Ningguo Cement Plant of Anhui Conch Cement Company Limited
Tongling Conch	: Anhui Tongling Conch Cement Co., Ltd.
Papua Cement	: PT SDIC Papua Cement Indonesia
Indonesia International Trade Conch	: PT Conch International Trade Indonesia
Indonesia Conch	: PT Conch Cement Indonesia
North Sulawesi Conch	: PT Conch North Sulawesi Cement
Wuhu Conch	: Wuhu Conch Cement Co., Ltd.
Wuhu South Cement	: Wuhu South Cement Co., Ltd.
Prosperity Conch	: Prosperity Conch Cement Co., Ltd.
Yangchun Conch	: Yangchun Conch Cement Co., Ltd.
Zongyang Conch	: Anhui Zongyang Conch Cement Co., Ltd.
Regional Committee(s)	: Management unit(s) specially established by organizing certain subsidiaries located in a particular province or neighboring areas into a regional management unit for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency



1. Definitions

Reporting Period	:	The period from 1 January 2020 to 31 December 2020
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	:	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the HKSE Listing Rules
SSE	:	Shanghai Stock Exchange
SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
SZSE	:	Shenzhen Stock Exchange
A Shares	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Shares	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC



1. Definitions

PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission (中國證券監督管理委員會)
Articles	:	Articles of Association of the Company





2. Corporate Profile and Major Financial Indicators

- (1) Official Chinese name of the Company : 安徽海螺水泥股份有限公司
Abbreviation in Chinese : 海螺水泥
Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED
Abbreviation in English : ACC
- (2) Legal Representative of the Company : Gao Dengbang
- (3) Secretary to the Board : Yu Shui
(Company Secretary)
Phone number : 0086 553 8398976
Fax number : 0086 553 8398931
Company secretary (Hong Kong) : Leo P. Y. Chiu
Phone number : 00852 21113220
Fax number : 00852 21113299
Securities Affairs Representative : Liao Dan
Phone number : 0086 553 8398911
Fax number : 0086 553 8398931
E-mail : dms@chinaconch.com
- (4) Registered address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Office address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code : 241000
Email address of the Company : dms@chinaconch.com
Website of the Company : <http://www.conch.cn>
Contact address in Hong Kong : 40/F Jardine House, 1 Connaught Place, Central, Hong Kong
- (5) Company's designated newspaper for information disclosure in the PRC : Shanghai Securities Journal, Securities Times
Website for publication of this report : <http://www.sse.com.cn>
Location where the Company's annual report is available for inspection : Secretariat to the Board of the Company, SSE



2. Corporate Profile and Major Financial Indicators

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

2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

Items	2020	2019	2018	2017	2016
Net 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

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

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

Table 1:

(Unit: RMB'000)

Items	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

2. Corporate Profile and Major Financial Indicators

Items	2020	2019	Year-on-year change between 2020 and 2019 (%)	2018
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:

Items	(Unit: RMB'000)			
	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
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



2. Corporate Profile and Major Financial Indicators

2. Major financial data for 2020 by quarters

(Unit: RMB'000)

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	23,207,078	50,799,817	49,976,677	52,259,110
Net profit attributable to equity shareholders of the Company	4,913,272	11,155,973	8,649,781	10,410,665
Net profit after extraordinary items attributable to equity shareholders of the Company	4,577,502	10,949,195	7,886,295	9,757,455
Net cash flow generated from operating activities	2,308,410	12,253,180	8,949,809	11,285,814



2. Corporate Profile and Major Financial Indicators

3. Extraordinary items and amount for the Reporting Period

Extraordinary items	(Unit: RMB'000)		
	2020	2019	2018
(1) Gains or losses on disposal of non-current assets	856,281	-39,614	-54,185
(2) Government subsidy (exclusive of those that are closely related to the operation of the Company and received in a certain amount or fixed quantity according to the State standards)	844,144	530,707	545,409
(3) Investment gains from fair value changes of held-for-trading financial assets, and investment income on disposal of held-for-trading financial assets other than the hedging business that is related to the normal business of the Company	99,977	414,912	22,833
(4) Entrusted fee income obtained from entrusted operation	47,635	18,700	10,624
(5) Charges on share of funds received from non-financial enterprises included in the current income statement	-	5,000	1,710
(6) Gains or losses from external entrusted loans	1,540	1,605	1,701
(7) Gains arising from the excess of the Group's share of the fair values of the subsidiaries' identifiable net assets over the investment costs for acquisition of the subsidiaries	1,416	-	-
(8) Gains on entrusted investment or asset management	700,242	169,401	198,104
(9) Other non-operating income and expenses other than the above items	69,344	67,371	-740,024
(10) Effect of extraordinary items on income tax	-629,587	-286,583	7,958
(11) Effect of extraordinary items on minority interests	-31,748	-8,139	1,635
Total	1,959,244	873,360	-4,235

2. Corporate Profile and Major Financial Indicators

4. Items at fair value

(Unit: RMB'000)

Items	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Changes during the Reporting Period	Impact on the profit for the current period
Financial assets at fair value through profit or loss	16,782,737	26,882,714	10,099,977	786,395
Other investments in equity instruments	326,096	391,241	65,145	-
Financing of receivables	3,350,586	3,085,316	-265,270	-
Financial liabilities at fair value through profit or loss	-	-	-	-

2. Corporate Profile and Major Financial Indicators

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

(Unit: RMB'000)

	Net profit attributable to parent company		Equity attributable to equity shareholders of parent company	
	1 January to 31 December 2020 (Audited)	1 January to 31 December 2019 (Audited)	31 December 2020 (Audited)	31 December 2019 (Audited)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	35,129,691	33,592,755	161,822,228	137,361,682
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with IFRSs	33,848	37,048	-141,432	-175,280
As reported in accordance with IFRSs	35,163,539	33,629,803	161,680,796	137,186,402



Opening Ceremony for Chizhou Conch 100 Hundred-Tonne Production Line Project





Commissioning Ceremony for the Industrial Aid Project to Tibet - Basu Conch



Hainan Changjiang Conch Opening Ceremony



Signing Ceremony for Driverless Transportation Project in Mines



Full-process Intelligent Factory Control Room of Conch Cement





3. Business Overview of the Company

(1) OVERVIEW OF THE CEMENT INDUSTRY

In 2020, due to the dual impact of the COVID-19 pandemic and the flooding, the market demand of the cement industry was suppressed in phases. As the government made overall plans to advance the pandemic prevention and control as well as the economic and social development, accelerate the implementation of the policy of “six guarantees” (六保) and “six stabilities” (六穩), and establish the new development pattern with domestic macro-circulation as main theme and domestic and international dual-circulation as mutual promotion, the national economy enjoyed a stable recovery, and the investment indicators recovered rapidly, which provided support for the market demand for cement. In 2020, the national growth rate of fixed asset investment recovered stably; and the growth rate of infrastructure investment recorded a slight year-on-year increase; real estate development investment and construction area recorded a continual year-on-year increase, and the cement industry remained stable with moderate growth. In 2020, the national cement output was approximately 2.377 billion tonnes, representing a year-on-year increase of 1.6%. (Source: *Digital Cement*)

(2) INTRODUCTION OF THE MAIN BUSINESS OF THE COMPANY

During the Reporting Period, the Group was principally engaged in production and sale of cement, commodity clinker and aggregate. According to market demands, the Group’s main cement products included 32.5-grade cement, 42.5-grade cement and 52.5-grade cement, which are widely used in construction projects of large-scale national infrastructures such as railways, expressways, airports and hydraulic power as well as development of urban property, cement products and the rural markets.

As a basic raw material industry, cement is a regional product as its sales radius is subject to mode of transportation and local cement price, resulting in a sales model different from that of the consumer goods. The Group has adopted a sales model with its focus on direct sales and supplemented by distribution, and has established over 500 marketing departments in the marketplaces where the Company operates across the PRC and overseas, building up a relatively extensive marketing network. Meanwhile, the Group continued to improve its marketing strategy by proactively accelerating the construction or lease of the transfer storages and other landing passageway in the Yangtze River Delta, Pearl River Delta regions as well as the Zhejiang-Fujian coastal areas, the Group also proactively develops its trading business, so as to further improve the market planning and strengthen the control of the market.

During the Reporting Period, the Group continued to optimise its domestic and overseas market planning, steadily accelerated its international development strategy, proactively explored the upstream and downstream industrial chain and steadily implemented its development strategy.



3. Business Overview of the Company

(3) CHANGES IN THE PRIMARY ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the Group's balance of financial assets held for trading increased by 60.18% from the beginning of the year, mainly due to the increase in non-principal guaranteed wealth management products with floating return subscribed during the Reporting Period. The balance of other receivables decreased by 46.58% from the beginning of the year, mainly due to the recovery during the Reporting Period of the wealth management products subscribed in the previous year. The balance of intangible assets increased by 37.39% from the beginning of the year, mainly due to the increase in newly-acquired mining rights. Save as disclosed above, there was no material change in other major assets of the Group.

As at the end of the Reporting Period, the overseas assets of the Group was RMB12,695 million, representing 6.32% of its total assets.

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

Since its listing in 1997, the Company has focused on developing and growing its core cement business by promoting independent innovation and technology innovation, vigorously pushing forward energy conservation and emission reduction and developing recycling economy. After over 20 years' constant, healthy and steady development, and by refining internal management, strengthening market construction and promoting technological innovation, the Company has created the unique "Conch Model", and established relatively strong advantages in resources, technology, human resources, funding, market share and brand recognition.

During the Reporting Period, the Group made continuous efforts in enhancing regional market operation, strengthening cost control, increasing devotion in safety and environmental protection, and speeding up the construction of factories equipped with information system and intelligent system, so as to further consolidate and improve its aforesaid competitive advantages, and maintain the core competitiveness of the Group.



4. Report of the Directors

(1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

1. Establishment, merger and acquisition of and increase and reduction of capital in subsidiaries during the Reporting Period

- (1) In January 2020, the Company and Wuhu Global Smart Technology Co., Ltd. (蕪湖格陸博智能科技有限公司) (hereinafter referred to as “Wuhu Global Company”) jointly invested in and established Anhui Haibo Smart Technology Co., Ltd. (安徽海博智能科技有限公司有限責任公司) with a registered capital of RMB30 million, of which the Company contributed RMB18 million, accounting for 60% of its registered capital; and Wuhu Global Company contributed RMB12 million, accounting for 40% of its registered capital.
- (2) In February 2020, Conch HK, a wholly-owned subsidiary of the Company, and Indonesia International Trade Conch jointly invested in and established PT. Conch North Sulawesi Mine (北蘇海螺礦山有限公司) with a registered capital of US\$1 million, of which Indonesia International Trade Conch contributed US\$990,000, accounting for 99% of its registered capital; and Conch HK contributed US\$10,000, accounting for 1% of its registered capital.
- (3) In February 2020, Conch HK and Indonesia International Trade Conch jointly invested in and established PT. Conch East Kalimantan Mine (東加海螺礦山有限公司) with a registered capital of US\$1 million, of which Indonesia International Trade Conch contributed US\$990,000, accounting for 99% of its registered capital; and Conch HK contributed US\$10,000, accounting for 1% of its registered capital.
- (4) In April 2020, Jiangbei Haizhong, a major-owned subsidiary of the Company, acquired 51% of the equity interest in Wuhu South Cement held by Shanghai South Cement Company Limited (上海南方水泥有限公司) (hereinafter referred to as “Shanghai South Cement”) through public auction. The remaining 49% of the equity interest of Wuhu South Cement was still held by Shanghai South Cement. Wuhu South Cement has a registered capital of RMB300 million.
- (5) In April 2020, the Company and Tongling Comprehensive Traffic Investment Group Corporation Limited (銅陵市綜合交通投資集團有限公司) (hereinafter referred to as “Tongling Traffic Investment”) jointly invested in and established Tongling Conch New Material Co., Ltd. (銅陵海螺新材料有限責任公司) with a registered capital of RMB25 million, of which the Company contributed RMB17.5 million, accounting for 70% of its registered capital; and Tongling Traffic Investment contributed RMB7.5 million, accounting for 30% of its registered capital.

4. Report of the Directors

- (6) In September 2020, the Company and Haimen South Huanghai Construction Development Co., Ltd. (海門南黃海建設發展有限公司)(hereinafter referred to as “Haimen Construction Development Company”) jointly invested in and established Nantong Conch Concrete Co., Ltd. (南通海螺混凝土有限責任公司) with a registered capital of RMB50 million, of which the Company contributed RMB35 million, accounting for 70% of its registered capital; and Haimen Construction Development Company contributed RMB15 million, accounting for 30% of its registered capital.
- (7) In September 2020, Jiangbei Haizhong invested in and established Guangxi Laibin Haizhong Cement Co., Ltd. (廣西來賓海中水泥有限責任公司) with an initial registered capital of RMB50 million. Jiangbei Haizhong holds 100% of its equity interest.
- (8) In September 2020, the Company invested in and established Yancheng Conch Building Materials Co., Ltd. (鹽城海螺建材有限公司) with a registered capital of RMB250 million. The Company holds 100% of its equity interest.
- (9) In September 2020, Fenyi Conch Building Materials Co., Ltd. (分宜海螺建築材料有限責任公司), a subsidiary of the Company, signed an equity acquisition agreement with Yang Tao, a natural person shareholder of Nanchang Yifeng Xinyou Commercial & Trading Co., Ltd. (南昌市億豐新友商貿有限公司) (hereinafter referred to as “Nanchang Yifeng Company”) in respect of the acquisition of 100% equity interests of Nanchang Yifeng Company. In November 2020, Nanchang Yifeng Company changed its name to “Fenyi Cangguling Building Materials Co., Ltd. (分宜蒼古嶺建築材料有限責任公司)”. Its registered capital is RMB100 million.
- (10) In November 2020, the Company, Hunan Central South Intelligent Equipment Co., Ltd. (湖南中南智能裝備有限公司) (hereinafter referred to as “Central South Intelligent Company”) and Efort Intelligent Equipment Co., Ltd. (埃夫特智能裝備股份有限公司) (hereinafter referred to as “Efort Company”) jointly invested in and established Anhui Conch Central South Intelligent Robot Co., Ltd. (安徽海螺中南智能機器人有限責任公司) with a registered capital of RMB50 million, of which the Company contributed RMB25.5 million, accounting for 51% of its registered capital; Central South Intelligent Company contributed RMB22 million, accounting for 44% of its registered capital; and Efort Company contributed RMB2.5 million, accounting for 5% of its registered capital.
- (11) In November 2020, the Company invested in and established Liquan Conch Construction Technology Co., Ltd. (禮泉海螺建築科技有限責任公司) with a registered capital of RMB200 million. The Company holds 100% of its equity interest.



4. Report of the Directors

- (12) In November 2020, the Company and Anhui Huaihai Industrial Development Group Co., Ltd. (安徽淮海實業發展集團有限公司) (hereinafter referred to as “Huaihai Industrial”) jointly invested in and established Xiao County Conch Cement Co., Ltd. (蕭縣海螺水泥有限責任公司) with a registered capital of RMB600 million, of which the Company contributed RMB360 million, accounting for 60% of its registered capital; and Huaihai Industrial contributed RMB240 million, accounting for 40% of its registered capital.
- (13) In December 2020, the Company, Conch Profiles and Science, Beijing Huitongtianxia IOT Technology Co., Ltd. (北京匯通天下物聯科技有限公司) (hereinafter referred to as “Beijing Huitongtianxia Company”) and Conch IT Engineering jointly invested in and established Anhui Haihui Supply Chain Technology Co., Ltd. (安徽海慧供應鏈科技有限公司) with a registered capital of RMB20 million, of which the Company contributed RMB10 million, accounting for 50% of its registered capital; Conch Profiles and Science contributed RMB4 million, accounting for 20% of its registered capital, Beijing Huitongtianxia Company contributed RMB4 million, accounting for 20% of its registered capital; and Conch IT Engineering contributed RMB2 million, accounting for 10% of its registered capital.
- (14) In December 2020, Yangchun Conch, a wholly-owned subsidiary of the Company, acquired the assets of Hainan Changjiang Hongqi Industrial Co., Ltd. Chahe Cement Branch (海南昌江鴻啟實業有限公司叉河水泥分公司) through public auction. In order to secure project sources, Yangchun Conch invested in and established Hainan Changjiang Conch Cement Co., Ltd. (海南昌江海螺水泥有限公司) in December 2020 with a registered capital of RMB650 million. Yangchun Conch holds 100% of its equity interest.



4. Report of the Directors

- (15) During the Reporting Period, the Company increased the capital of the following subsidiaries, and the amounts of capital increased are as follows:

Name of companies	Capital contributed by the Group	Registered capital after capital increase	Percentage of shareholding before capital increase	Percentage of shareholding after capital increase
Conch HK	US\$116.85 million	US\$200 million	100%	100%
North Sulawesi Conch	US\$30 million	US\$80 million	100%	100%
Vientiane Conch Cement Co., Ltd.	US\$3.75 million	US\$15 million	75%	75%
Qarshi Conch Cement Foreign Enterprise Co., Ltd.	US\$34 million	US\$58 million	100%	100%
Anhui Conch Siam Refractory Material Co., Ltd.	RMB47.60 million	RMB168 million	70%	70%
Nantong Haimen Conch New Material Co., Ltd.	RMB150 million	RMB300 million	100%	100%
Fenyi Conch Building Materials Co., Ltd. ("Fenyi Material")	RMB120 million	RMB300 million	100%	90%

Fenyi Material is a wholly-owned subsidiary established by the Company in June 2019 with a registered capital of RMB150 million. During the Reporting Period, in order to promote project construction, the Company and Fenyi County Urban Construction Investment and Development Co., Ltd. ("Fenyi Urban Investment"), Fenyi county government subordinate enterprise, contributed RMB120 million and RMB30 million respectively. Upon the capital contribution, the registered capital of Fenyi Material amounted to RMB300 million with the Company's shareholding and Fenyi Urban Investment's shareholding of 90% and 10% respectively. Save as disclosed above, there was no change in shareholding percentage of the Company in the above subsidiaries before and after the capital contribution.

- (16) China-Myanmar (Wuhu) International Trade Co., Ltd. (中緬(蕪湖)國際貿易有限公司) (hereinafter referred to as "China-Myanmar Company") is a company jointly invested and established by the Company and GAO SHENG GROUP PTE. LTD. (a company registered in Singapore, hereinafter referred to as "GAO SHENG Group") in October 2014, with a registered capital of US\$90 million, of which the Company holds 45% equity interest and GAO SHENG Group holds 55% equity interest. During the Reporting Period, in order to revitalize the capital stock and improve the efficiency of capital use, the Company and GAO SHENG Group jointly reduced the capital of China-Myanmar Company, whereby the Company reduced its capital contribution by US\$11.25 million and GAO SHENG Group reduced its capital contribution by US\$13.75 million. After the capital reduction, the registered capital of China-Myanmar Company is US\$65 million, and the shareholding ratio of both parties remain unchanged.



4. Report of the Directors

2. Shareholding in other listed companies and trading of shares of other listed companies

During the Reporting Period, in order to realise investment gains, the Company reduced its shareholding in Xinli Finance by 5,133,600 shares, representing 1% of its issued shares, through centralized bidding; after the shareholding reduction, the Company held 31,197,800 shares in Xinli Finance, representing 6.08% of the issued shares of Xinli Finance.

As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of shareholding at the beginning of the Reporting Period (%)	Percentage of shareholding at the end of the Reporting Period (%)	Carrying amount as at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)
600318	Xinli Finance	45,209,210	7.08	6.08	319,465,472	-
2233	WCC	1,449,828,915	21.11	21.10	2,370,857,037	377,263,499
Total		1,495,038,125	-	-	2,690,322,509	377,263,499

Note: The shares held by the Group in Xinli Finance were recognized as "other investments in equity instruments", while the shares in WCC were recognized as "long-term equity investments".



4. Report of the Directors

During the Reporting Period, the number of shares held by the Group in WCC remain unchanged. However, its total number of shares increased due to the implementation of WCC's share option scheme. As a result, the Group's percentage of shareholding decreased from 21.11% to 21.10%.

3. Major investments during the Reporting Period

During the Reporting Period, the Company did not have major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Company during the Reporting Period, please refer to the paragraph headed "(1) Overview of Operation Development" under the section headed "Analysis on the Operational Conditions for 2020" in Chapter 5 "Management Discussion and Analysis on the Operations of the Group" in this report as well as item 16 under note V to the financial statements prepared in accordance with the PRC Accounting Standards.

4. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 179 majority-owned subsidiaries, 8 jointly-controlled entities and 1 associated entity. For details, please refer to notes 17, 18 and 19 to the financial statements of the Company prepared in accordance with IFRSs.

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

(2) PROFIT APPROPRIATION POLICY AND ITS IMPLEMENTATION

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

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

4. Report of the Directors

The Board of the Company has attached great importance to the implementation of the cash dividend policy. In formulating the profit distribution proposal, the Board shall strictly follow the requirements of the Articles, consult with the independent Directors and sufficiently consider the opinion of and requests by the minority shareholders. The Board shall implement the consideration and approval procedures of general meetings and execute the profit distribution proposal in accordance with the resolution of general meetings.

During the Reporting Period, the Company executed the profit distribution proposal for the year 2019 which was approved at the 2019 annual general meeting of the Company. Based on the total number of issued shares of 5,299,302,579 shares as at 31 December 2019, a final cash dividend of RMB2.0 (tax inclusive) per share was paid to all the shareholders of the Company, totaling RMB10,598,605,158 (tax inclusive). In June 2020, the above dividend was paid to all the shareholders whose names were recorded in the register of members on the relevant record date. The announcement regarding the implementation of the aforesaid dividend distribution was published on the SSE website, Shanghai Securities Journal and Securities Times on 10 June 2020, as well as the HKEXnews website of the Stock Exchange and the Company's website on 9 June 2020 respectively.

The profit appropriation plans or proposals and capitalization of capital reserve fund in the past three years (including the Reporting Period) are as follows:

Year	Capitalization of capital reserve fund for the year	Cash dividend paid per share	Total dividend for the year (RMB'000)	Cash dividend for the year to net profit attributable to equity shareholders of the Company
2018	/	RMB1.69	8,955,821	30.04%
2019	/	RMB2.0	10,598,605	31.55%
2020	/	RMB2.12	11,234,521	31.98%



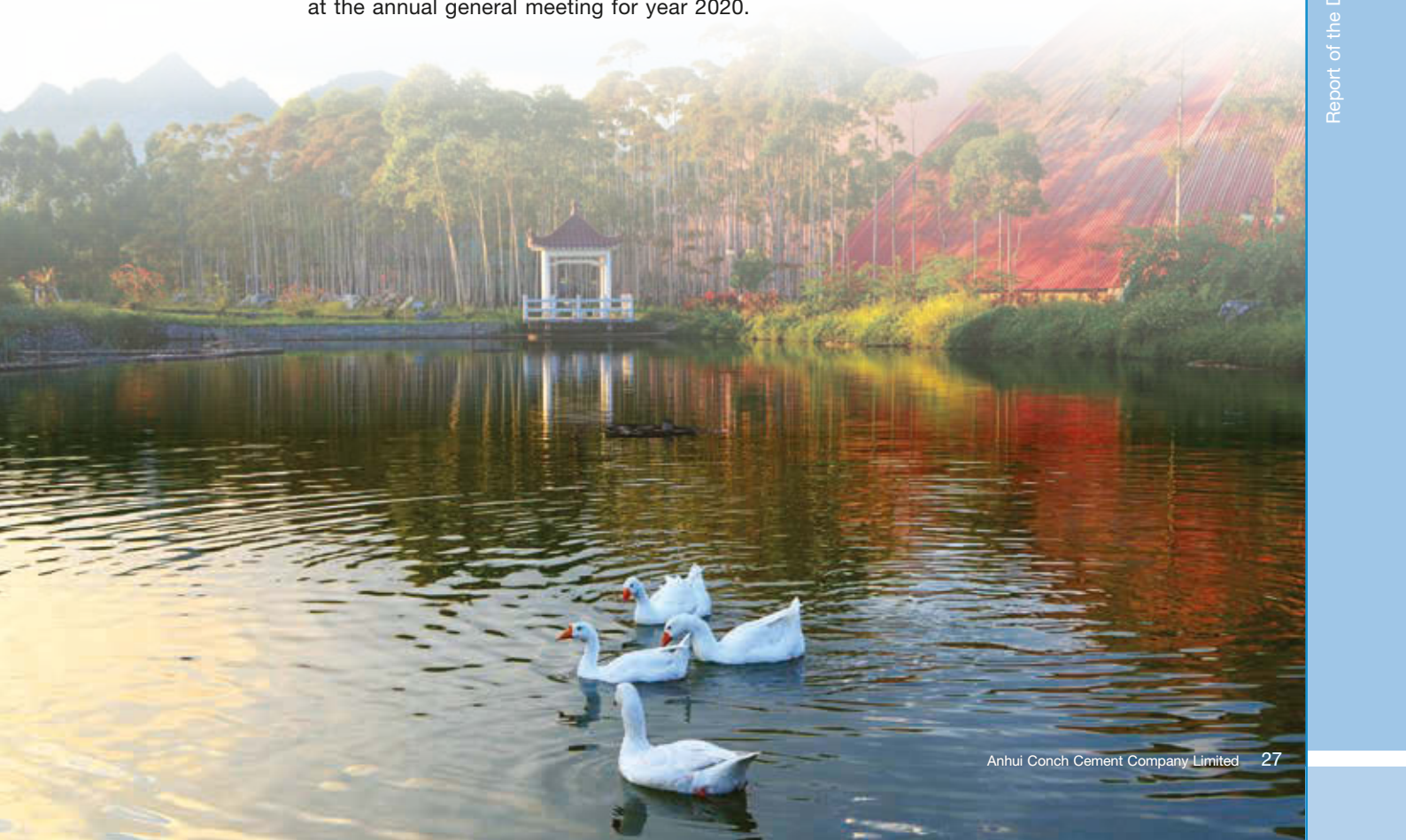
4. Report of the Directors

2. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 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 period ended 31 December 2020 as follows:

- (1) Pursuant to the requirements of the Articles 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.

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





4. Report of the Directors

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2020.

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

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

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

4. Report of the Directors

Pursuant to the Notice on Issues relating to Collecting Individual Income Tax after Repealing the Document of Guoshuifa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) promulgated by the State Administration of Taxation and the letter entitled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the Stock Exchange, overseas resident individual holders of the shares issued in Hong Kong by domestic non-foreign invested enterprises are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties entered into between the countries where they reside and China and the tax arrangements between the Mainland China and Hong Kong (Macau). The Company shall determine the identity of individual holders of H Shares whose names appear on the H Shares register of members of the Company on 8 June 2021 (Tuesday) based on their registered addresses. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements. The relevant arrangements are detailed as follows:

- (1) For individual holders of H Shares who are Hong Kong or Macau residents or whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of dividend.
- (2) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of less than 10%, shareholders shall determine by themselves whether they are eligible to the treaty benefits. Those who wish to enjoy treaty benefits shall submit to the Company the information required under the Announcement of the State Administration of Taxation published in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Zong [2019] No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國稅總[2019]35號) before 16 June 2021. If the information is found to be true and complete upon review, the Company will withhold and pay individual income tax at the treaty tax rate on behalf of the individual holders of H Shares. Otherwise, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares. Shareholders who are entitled to but have not enjoyed the treaty treatment and overpay taxes as a result thereof may, by themselves or through the Company, apply to competent tax authorities for the refund of overpaid taxes within the time limit stipulated in the tax levying related laws.



4. Report of the Directors

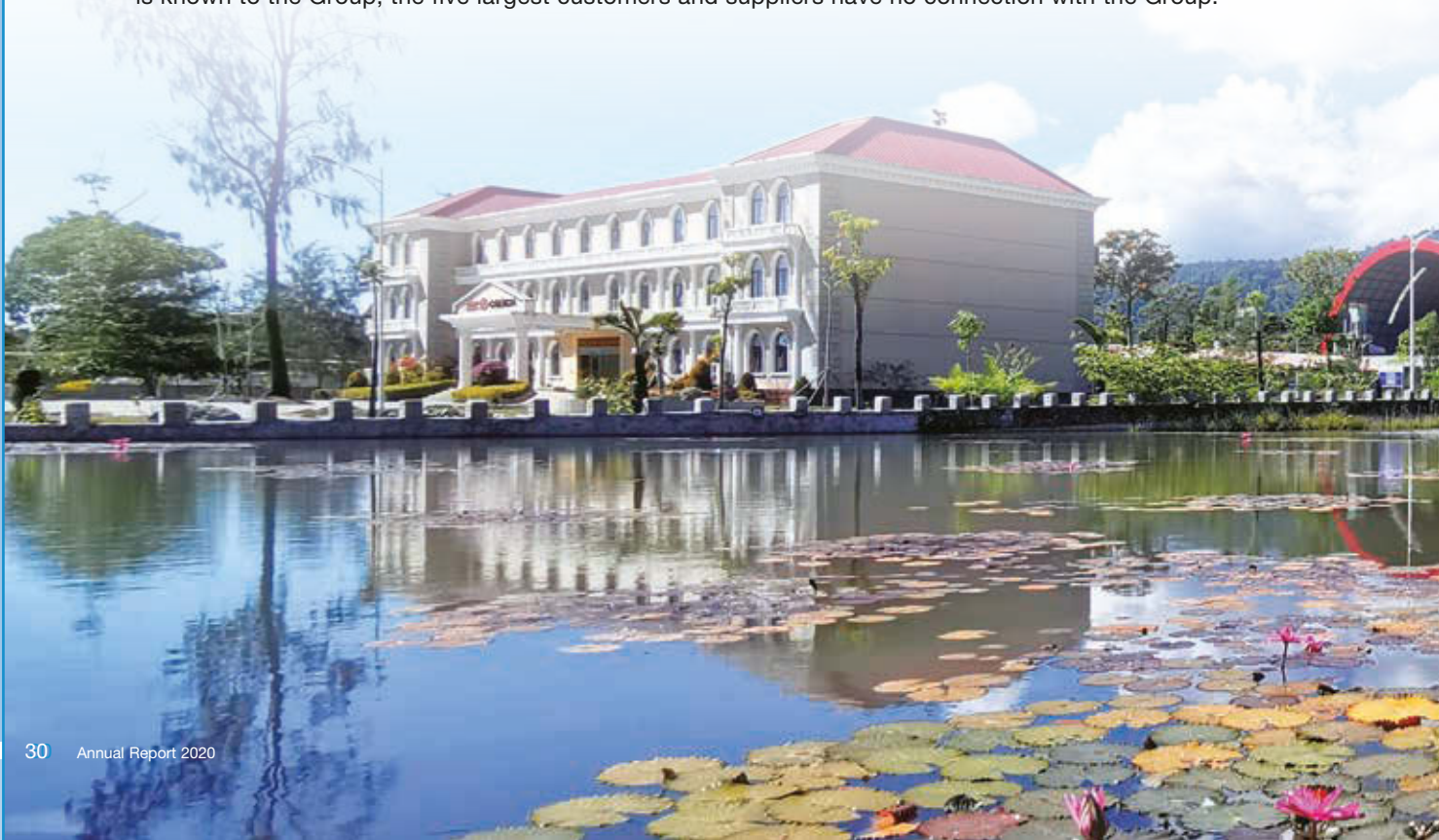
- (3) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual applicable tax rate stipulated in the relevant tax treaty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

(3) TAXATION

Details of taxation are set out in notes 8 and 38 to the financial statements prepared in accordance with the IFRSs, and in note IV “Taxation” and notes 19, 25, 38 and 50 under note V of “Notes to Consolidated Financial Statements” to the financial statements prepared in accordance with the PRC Accounting Standards.

(4) MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, in the business operation of the Group, the aggregate sales amount of the Group to its five largest customers amounted to RMB9.864 billion, representing 5.60% of the total sales amount of the Group; and the largest customer accounted for 1.88% of the total sales amount of the Group; the aggregate purchase amount from the five largest suppliers amounted to RMB44.146 billion, representing 35.36% of the total purchase amount of the Group; and the largest supplier accounted for 16.62% of the total purchase amount of the Group. So far as is known to the Group, the five largest customers and suppliers have no connection with the Group.





4. Report of the Directors

None of the Directors, Supervisors or their respective close associates (as defined in the HKSE Listing Rules) nor, to the knowledge of the Board, shareholders holding more than 5% of the number of issued shares of the Company had interests in any of the five largest customers or five largest suppliers of the Group for the year ended 31 December 2020.

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

(5) LEASEHOLD LAND, PROPERTY, PLANT AND EQUIPMENT

Changes in leasehold land, property, plant and equipment of the Company for the year ended 31 December 2020 were set out in note 14 to the financial statements prepared in accordance with the IFRSs.

(6) TOTAL ASSETS

As at 31 December 2020, the Group's total assets as determined in accordance with the IFRSs amounting to approximately RMB200.973 billion, representing an increase of approximately RMB22.196 billion over that of the end of last year.





4. Report of the Directors

(7) RESERVES

Changes in the reserves of the Company and the Group for the year ended 31 December 2020 were set out in the consolidated statement of changes in equity and note 40 to the financial statements prepared in accordance with the IFRSs.

(8) DEPOSITS, LOANS AND CAPITALIZED INTEREST

Details of the Group's loans as at 31 December 2020 were set out in notes 33, 34 and 35 to the financial statements prepared in accordance with the IFRSs. The Group's deposits as at 31 December 2020 were placed with reputable commercial banks. The Group has no entrusted deposits and fixed-term deposits which cannot be withdrawn upon expiry. During the Reporting Period, interest capitalized in respect of construction-in-progress amounted to RMB13.6977 million, details of which were set out in note 7 to the financial statements prepared in accordance with the IFRSs.



4. Report of the Directors

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

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

In order to effectively reduce foreign exchange risk to ensure that the risk level is overall under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects by adjusting its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization over foreign funds in domestic and overseas markets by continuing to promote a management model of foreign fund pool, so as to lower costs of exchange settlement and sales, effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country which the Group invested in, so as to complement each other's capital advantage, enhance capital economies of scale, reduce loss from currency exchange and reduce financing costs. Meanwhile, the Group made appropriate allocation of financing currency in active response to the adverse impact from interest rate cuts and exchange rate fluctuations around the globe as a result of the COVID-19 epidemic, and leveraged forward instruments as and when appropriate to hedge foreign exchange risks.

(10) BUSINESS REVIEW, OUTLOOK AND MAJOR RISK FACTORS

For details on the business review, outlook for 2021 and the major risk factors of the Group, please refer to the sections headed “3. Business Overview of the Company” and “5. Management Discussion and Analysis on the Operations of the Group” in this annual report.

(11) COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2020, the Group has complied with the relevant laws and regulations which have a significant impact on the Company.



5. 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 RMB0.29 per share from that for the corresponding period of the previous year.



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

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, 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.



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

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product and region

Industry	Principal activities by 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

Product	Principal activities by 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

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

Region	Principal activities by region					
	Operating revenue	Operating cost	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
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	
Building material industry (sale of self-produced products) – East China <small>Note 2</small>	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 <small>Note 3</small>	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 <small>Note 4</small>	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 <small>Note 5</small>	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.



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

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.



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

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.

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

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.

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

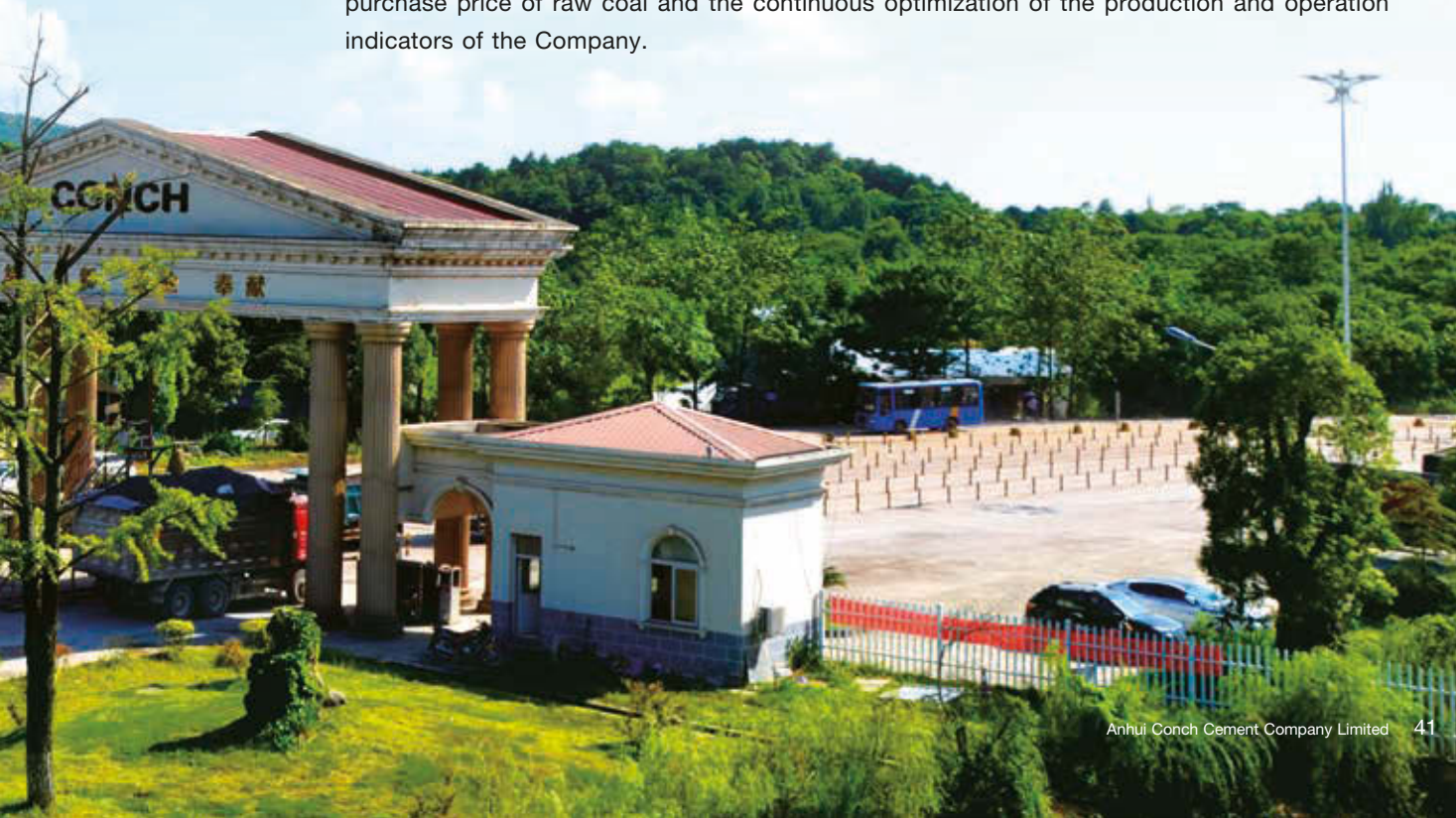
3. Analysis of costs and expenses

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

Items	2020		2019		Change	
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/tonne)	Percentage (%)	Change in costs (%)	Change in proportion (percentage points)
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 consolidated costs of the Company's self-produced products, 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.



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

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 percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the same period last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	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.

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

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
Minority 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



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

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.

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

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to 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.

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

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. Please refer to note VIII to the financial report prepared in accordance with the PRC Accounting Standards for information on the borrowings bearing fixed interest rate.

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.

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

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 flows generated from operating activities	34,797,213	40,738,205	-14.58
Net cash flows generated from investment activities	-26,772,879	-20,688,848	-29.41
Net cash flows 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 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.

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

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



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

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.



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

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.



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

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.



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

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.



6. Significant Events

(1) COMMITMENTS

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

(2) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties. A detailed explanation issued by KPMG Huazhen LLP will be published on the SSE website, the website of the Stock Exchange and the Company's website on the same date as this report.

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

During the Reporting Period, the accounting policies and accounting estimates of the Company remained unchanged.

(4) AUDITORS AND REMUNERATION

Pursuant to the resolution considered and approved at the 2019 annual general meeting of the Company, the Company engaged KPMG Huazhen LLP and KPMG (collectively "KPMG") as the PRC auditors and the international auditors of the Company for the year ended 31 December 2020, respectively, and engaged KPMG Huazhen LLP as the internal control auditor of the Company for the year of 2020. The financial audit services fees and internal control audit services fees payable to KPMG by the Company for the year ended 31 December 2020 amounted to RMB4.85 million and RMB0.65 million, totaling RMB5.50 million.

KPMG was first appointed as the auditors of the Company in 2006 and has provided audit services for the Company for 15 consecutive years. In accordance with the Requirements on the Regular Rotation of the Endorsing Accountants for Securities and Futures Auditing Services (《關於證券期貨審計業務簽字註冊會計師定期輪換的規定》) promulgated by the CSRC and the Ministry of Finance of the PRC, KPMG has regularly rotated the endorsing accountant.



6. Significant Events

(5) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

(6) MATERIAL LITIGATION AND ARBITRATION

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

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

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

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

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

(9) STOCK OPTION INCENTIVE SCHEME

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



6. Significant Events

(10) MATERIAL CONNECTED TRANSACTIONS

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

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

(1) Use of trademarks

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

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB35.11 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders’ approval requirement.

(2) Transaction with Jiangsu Conch Building Materials – sale of cement

On 31 December 2019, the Company and Jiangsu Conch Building Materials entered into the sale and purchase of cement contract with a term from 1 January 2020 to 31 December 2020. As stipulated in the sale and purchase of cement contract, certain subsidiaries of the Company located in eastern China would sell a total of approximately 6 million tonnes of cement products to Jiangsu Conch Building Materials with an aggregate contract price not exceeding RMB2.5 billion.

6. Significant Events

The price under the sale and purchase of cement contract signed by the Company and Jiangsu Conch Building Materials was determined with reference to the factory/freight on board prices and the prevailing market price of relevant cement products and was negotiated and agreed between the parties on arm's length basis after taking full account of factors such as the seasonality of cement prices, historical product prices and market conditions.

As at the end of the Reporting Period, the sale and purchase of cement contract was completed with the actual aggregate transaction amount (inclusive of tax) of RMB2.3 billion.

Jiangsu Conch Building Materials is a non-wholly owned subsidiary of the Company, which is owned as to 51% by the Company and 49% by Conch Profiles and Science. Conch Profiles and Science is a subsidiary of Conch Holdings, the controlling shareholder of the Company. Accordingly, Conch Profiles and Science is an associate of Conch Holdings and hence a connected person of the Company. According to Chapter 14A of the HKSE Listing Rules, Jiangsu Conch Building Materials is a connected subsidiary of the Company and thereby a connected person of the Company, and the transactions under the sale and purchase of cement contract constitute continuing connected transactions of the Company. For details, please refer to the announcement published by the Company on the website of the Stock Exchange and the website of the Company on 31 December 2019. According to the SSE Listing Rules, Jiangsu Conch Building Materials is not a related party of the Company.

(3) Transactions with Conch New Materials Company – procurement of grinding aids

On 14 January 2020, the Company and Conch New Materials Company entered into the procurement of cement admixtures (grinding aids) contract (the “2020 Grinding Aids Procurement Contract”), with a validity period from the date of the contract to 31 December 2020. As stipulated in the contract, the Group shall procure cement grinding aids from Conch New Materials Company with an aggregate contract price not exceeding RMB800 million.



6. Significant Events

On 14 February 2019, the Company entered into the cement grinding aids procurement contract (“2019 Grinding Aids Procurement Contract”) with Conch New Materials Company in respect of procurement of cement grinding aids, with a validity period from the date of the contract to 31 December 2019. As stipulated in the contract, the Group shall procure cement grinding aids from Conch New Materials Company with an aggregate contract price not exceeding RMB840 million. The terms of the 2020 Grinding Aids Procurement Contract were negotiated between the parties after the expiry of the 2019 Grinding Aids Procurement Contract and was a new agreement signed between the parties. Certain terms (including the basis for determination of the contract price) contained in the 2020 Grinding Aids Procurement Contract were different from those in the 2019 Grinding Aids Procurement Contract, therefore, the 2020 Grinding Aids Procurement Contract was not a renewed or extended agreement of the 2019 Grinding Aids Procurement Contract. However, as similar products (i.e. grinding aids products) were to be purchased from the same counterparty (i.e. Conch New Materials Company), in the course of negotiation of the contract price of the 2020 Grinding Aids Procurement Contract, reference was made to the contract price and the historical transaction amount under the 2019 Grinding Aids Procurement Contract.

After negotiations between the parties, in view of the fact that the Company is an important customer of Conch New Materials Company, hence as compared to independent third-party customers, the Company could enjoy certain price concessions. The price of 2020 Grinding Aids Procurement Contract was subject to a certain proportion of downward price adjustment based on the price of grinding aid products purchased by the Group from Conch New Materials Company in 2019 (the then price in 2019 was determined according to public bidding). In addition, in order to protect the rights and interests of the parties, during the contract period, the parties will adjust the purchase price on a quarterly basis based on the market price fluctuations (if there are any major changes) of key raw materials for the production of grinding aids, but the transaction price throughout the year will strictly follow the “Two Not Higher Than” principle, that is, not higher than the price of similar products sold by Conch New Materials Company to independent third-party customers over the same period and not higher than the price of similar products purchased by the Group from independent third-party suppliers.

As at the end of the Reporting Period, the 2020 Grinding Aids Procurement Contract has been completed with the actual aggregate transaction amount (inclusive of tax) of RMB796 million.

6. Significant Events

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch New Materials Company. Therefore, Conch New Materials Company is an associate of Conch Holdings, and thereby a connected person of the Company and the transactions contemplated under the 2020 Grinding Aids Procurement Contract constituted connected transactions of the Company under the HKSE Listing Rules. According to the SSE Listing Rules, Conch New Materials Company is also a related party of the Company and the transactions contemplated under the 2020 Grinding Aids Procurement Contract constituted connected transactions under its definition. For details, please refer to the announcement and supplemental announcement published by the Company on the website of the Stock Exchange and the website of the Company on 14 January 2020 and 20 January 2020 respectively, and on the website of SSE on 15 January 2020 and 21 January 2020 respectively.

2. Project engineering design and technical services

Upon approval by the Board of the Company, on 10 March 2020, the Company and Conch Design Institute entered into the engineering project design and technology service contract (hereinafter referred to as the "2020 Engineering Project Design Contract"), pursuant to which Conch Design Institute shall provide certain subsidiaries of the Company with services including engineering design and technology transformation for the clinker production lines, cement grinding system, aggregate and commodity concrete projects. The contract price was RMB166.1 million.

On 1 March 2019, the Company and Conch Design Institute entered into the engineering design and technology service contract (hereinafter referred to as the "2019 Engineering Project Design Contract"). The 2020 Engineering Project Design Contract was a new agreement entered into by the parties. Certain terms (including the scope of design) included in such contract were different from those in the 2019 Engineering Project Design Contract, and the identity of certain subsidiaries of the Company being service recipients were also different. Accordingly, the 2020 Engineering Project Design Contract was not the renewed or extended agreement of the 2019 Engineering Project Design Contract. However, as similar services were procured from the same party (i.e. Conch Design Institute), in the course of negotiation of the contract price of the 2020 Engineering Project Design Contract, reference was made to the contract price and historical transaction amount of the 2019 Engineering Project Design Contract.



6. Significant Events

The contract price of the 2020 Engineering Project Design Contract was determined with reference to the Provisions for the Management of Engineering Survey Design Charges (Pricing Scale Document [2002] No.10) (《工程勘察設計收費管理規定》(計價格[2002]10號)) and Engineering Survey Design Fee Standard (《工程勘察設計收費標準》) promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Regulations for Preparation Works Consultation Charges for Construction Projects (Pricing Scale Document [1999] No.1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC, as well as the project scale, investment amount, scope of design, technology standards, the prevailing market prices for provision of similar services, and the price and the actual transaction amount of the 2019 Engineering Project Design Contract and agreed between both parties on the basis of equality and mutual benefit.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the above-mentioned 2020 Engineering Project Design Contract was RMB32.794 million. If taking into account the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) of the Group with Conch Design Institute during the Reporting Period amounted to RMB53.0447 million.

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Pursuant to the HKSE Listing Rules, Conch Design Institute is an associate of Conch Holdings and therefore is a connected person of the Company, the transactions contemplated under the 2020 Engineering Project Design Contract constituted connected transactions of the Company. Pursuant to the SSE Listing Rules, Conch Design Institute is also a connected party of the Company and the transactions under the above contracts also constituted connected transactions under its definition. As the contract price of such contract is less than 0.5% of the Company's latest audited net asset value, an ad hoc announcement was not required to be published by the Company for the said transactions under the SSE Listing Rules. Please refer to the announcement of the Company published on the websites of the Stock Exchange and the Company on 10 March 2020 for further details.

3. EQUIPMENT SUPPLY AND SOFTWARE DESIGN SERVICE

Upon approval by the Board of the Company, on 18 June 2020, the Company and Conch IT Engineering entered into the intelligent factory project equipment supply and software design contract, pursuant to which, Conch IT Engineering shall supply equipment and provide software design services for the intelligent factory projects of some of the Company's subsidiaries. The total contract amount was RMB328.3 million.

6. Significant Events

The equipment supply and software design services provided under the intelligent factory project equipment supply and software design contract were developed and customized by Conch IT Engineering according to the actual needs for the construction of intelligent factories of certain subsidiaries of the Company. The contract price was determined mainly on a cost plus reasonable profit margin basis with reference to similar services and products provided by Conch IT Engineering to its other customers, and was agreed by both parties after arm's length negotiation. Among them, the cost of software and hardware systems was determined through open tender or with reference to the market price of similar products. The profit margin was determined mainly with reference to the standard fee rates for system integration fee and project management fee in accordance with China's national standards under the Construction Project Quantity List Pricing Specification (GB50500-2013) (《建設工程工程量清單計價規範》) and those stipulated by the Central Government Procurement Center (中央國家機關政府採購中心). The basic rate which is within the ranges of the standard fee rates is 10% of the cost of software and hardware systems of the project. In view of long-term cooperation between the Company and Conch IT Engineering, after negotiations between the parties, the profit margin of certain project systems will be subject to appropriate downward adjustment below the 10% basic rate. The overall profit margin charged by Conch IT Engineering will not be higher than 10% of the project system cost.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the above-mentioned intelligent factory project equipment supply and software design contract was RMB102.0971 million. If taking into account the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) of the Group with Conch IT Engineering during the Reporting Period amounted to RMB114.8822 million.

Conch IT Engineering is a wholly-owned subsidiary of Conch Holdings. Pursuant to the HKSE Listing Rules, Conch IT Engineering is an associate of Conch Holdings and therefore is the connected person of the Company. The transactions contemplated under the intelligent factory project equipment supply and software design contract constitute connected transactions of the Company. Pursuant to the SSE Listing Rules, Conch IT Engineering is also a related party of the Company and the transactions under the intelligent factory project equipment supply and software design contract also constituted connected transactions of the Company. As the contract amount is less than 0.5% of the Company's latest audited net asset value, an ad hoc announcement was not required to be published for the said transactions. Please refer to the announcement of the Company published on the websites of the Stock Exchange and the Company on 18 June 2020 for further details.



6. Significant Events

4. SCR DENITRATION TECHNOLOGY MODIFICATION SERVICE

Upon approval by the Board of the Company, on 14 September 2020, the Company and Conch Design Institute entered into the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract, pursuant to which Conch Design Institute will provide equipment research and development, engineering design and equipment supply services for the SCR denitration technology modification projects of 33 clinker production lines of certain subsidiaries of the Company. The contract price amounted to RMB403.8 million. On the same day, Tongling Conch and Conch Design Institute entered into the Engineering Design and Equipment Procurement and Engineering Construction (EPC) General Contract, pursuant to which Conch Design Institute will provide equipment research and development, engineering design, equipment supply, construction installation, engineering supervision and engineering management services for the SCR denitration technology modification projects of 2 clinker production lines of Tongling Conch. The contract price amounted to RMB49.6 million. On 13 November 2020, The Company and Conch Design Institute entered into the Engineering Design and Equipment Procurement (EP) General Contract, pursuant to which Conch Design Institute will provide SCR denitration technology modification service for 5 clinker production lines of three subsidiaries of the Company. The contract price amounted to RMB67 million.

The contract prices of above three contracts was determined in accordance with the requirements of the Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) jointly promulgated by the National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Regulations for Preparation Works Consultation Charges for Construction Projects (Pricing Scale Document [1999] No. 1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by the National Development and Reform Commission of the PRC, as well as the project size, scope of design, technology indicators, the prevailing market prices for provision of SCR denitration technology modification services, and agreed between both parties on the basis of equality and mutual benefits. In addition, when determining the contract price of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract and the Engineering Design and Equipment Procurement (EP) General Contract, the Company had made enquiries and comparisons of prices offered by independent third parties and the price offered to the Company by Conch Design Institute has significant price advantage and when determining the contract price of the Engineering Design and Equipment Procurement and Engineering Construction (EPC) General Contract, the Company had also made reference to the previous pricing of similar transactions between the Group and Conch Design Institute.

6. Significant Events

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract was RMB172.572 million; the transaction amount (inclusive of tax) in relation to the execution of the Engineering Design and Equipment Procurement and Engineering Construction (EPC) General Contract was RMB47.597 million; no transaction amount was incurred in relation to the execution of the Engineering Design and Equipment Procurement (EP) General Contract.

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, Conch Design Institute is a connected person and a related party of Conch Holdings, the transactions under the above three contracts constituted connected transactions and related party transactions of the Company.

When entering into the SCR Denitration Project Engineering Design and Equipment Supply (EP) General Contract and the Engineering Design and Equipment Procurement and Engineering Construction (EPC) General Contract, under the HKSE Listing Rules, the aggregate amount of transactions under the above two contracts has reached the disclosure level. Under the SSE Listing Rules, the aggregate amount is less than 0.5% of the Company's latest audited net asset value and has not reached the disclosure level. Please refer to the announcement of the Company published on the websites of the Stock Exchange and the Company on 14 September 2020 for further details.

When entering into the Engineering Design and Equipment Procurement (EP) General Contract, under the SSE Listing Rules, the aggregated contract amount for the contracts (including such contract) entered into between the Group and Conch Design Institute during the past 12 months has accounted for 0.5% of the Company's latest audited net asset value and an ad hoc announcement was required to be published, please refer to the announcement of the Company published on the website of SSE on 14 November 2020 for further details. Under the HKSE Listing Rules, the information disclosure obligation for the contracts entered into between the Group and Conch Design Institute during the past 12 months has been performed. Save as disclosed above, as certain applicable percentage ratios calculated in connection with such contract amount has not reached the disclosure level, an ad hoc announcement was not required to be published.



6. Significant Events

Confirmation by independent non-executive Directors on connected transactions

During the Reporting Period, the Group's connected transactions arose in the ordinary and usual course of business, and were entered into on normal commercial terms or better and at arm's length basis pursuant to the terms of the agreements (if any). As far as the Company is concerned, such transactions and terms are fair and reasonable and in the interests of the shareholders of the Company as a whole, and did not exceed the transaction caps (if any) disclosed in the previous announcements. All the continuing connected transactions as stated above were reviewed and confirmed by the independent non-executive Directors.

In respect of the continuing connected transactions disclosed above (the "Transactions"), KPMG has taken the necessary procedures and issued a letter to the Board (who has confirmed the receipt of the letter), stating that: (1) they were not aware that the Transactions were not approved by the Board; (2) they were not aware of any matter which would make them believe that the Transactions were not in line with the pricing policies of the Group in any material aspect in connection with the Transactions relating to the provision of goods and services by the Group; (3) they were not aware of any matter which would make them believe that the Transactions were not entered into in accordance with the relevant terms of the agreements governing the Transactions in any material aspect; (4) they were not aware of any matter which would make them believe that the annual accumulated amount of each of the Transactions, in aggregate, would exceed the annual cap of aggregate value of such Transactions that the Company had disclosed in the relevant announcements.

6. Significant Events

(11) MATERIAL CONTRACTS

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

2. Guarantees

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its controlling subsidiaries and invested companies in aggregate amounted to RMB1,863.93 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount Guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	North Sulawesi Conch	100%	456,740 (US\$70 million)	1 year	2020.06.12	Bank of China Jakarta Branch
2	Battambang Conch	60%	228,370 (US\$35 million)	3 years	2020.07.27	Bank of China (Hong Kong) Limited
3	Battambang Conch	60%	97,870 (US\$15 million)	1 year	2020.07.27	Bank of China (Hong Kong) Limited
4	Battambang Conch	60%	97,870 (US\$15 million)	3 years	2020.08.21	Bank of China (Hong Kong) Limited
5	Indonesia Conch	75%	663,360 (US\$101.67 million)	1 year	2020.08.27	HSBC Jakarta Branch
6	Papua Cement	49%	319,720 (US\$49 million)	1 year	2020.08.31	HSBC Jakarta Branch
Total			1,863,930			



6. Significant Events

Note:

1. The Company provided guarantees for North Sulawesi Conch and Papua Cement for their loans based on the shareholding ratio; the Company provided guarantees for Battambang Conch and Indonesia Conch on a 100% basis, other minority shareholders provided equity pledge or counter-guarantee based on their shareholdings.
2. The RMB amount of the guarantee provided by the Company for US\$ loans is converted at the mid-point price of the US\$/RMB exchange rate published by the People's Bank of China on the last trading day at the end of 2020.

During the Reporting Period, the guarantees provided by the Company for its subsidiaries in aggregate amounted to RMB1,544.21 million, and the guarantees provided by the Company for the joint ventures amounted to RMB319.72 million in total. Except for the guarantees for the bank loans as set out in the table above, the Company provided guarantees of RMB1,544.83 million, RMB20.00 million and RMB1,957.47 million respectively for the trade finance facilities granted to Shanghai Conch Building Materials International Trade Company Limited, Wuhu Southeast Asia International Trading Co., Ltd. and Conch HK.

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB11,035.73 million, (including RMB5,111.38 million and USD907.96 million), representing 6.82% of the net assets of the Group as at the end of the Reporting Period, which did not exceed the limit of 50%. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB10,136.64 million and that for its joint ventures was RMB899.09 million.

During the Reporting Period, the Company provided RMB5,341.98 million of guarantees for companies with a gearing ratio of over 70%.

As at the end of the Reporting Period, save for the guarantees for two joint ventures, namely, Myanmar Conch Cement Co., Ltd. and Papua Cement, the Company did not provide any other guarantee for its controlling shareholder, de facto controllers, other related parties and any entities which are not legal persons or individuals. Save for the guarantees above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

6. Significant Events

(12) FINANCIAL ENTRUSTMENT AND LOAN ENTRUSTMENT

1. Financial entrustment

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

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected annualized return rate	Status of Recovery	Actual income (RMB in '000)
1	Bank of Communications, Wuhu Branch	20 March 2019	19 March 2020	"Win to Fortune" fixed-term structured deposit products	2	4.50%	Recovered	90,000.00
2	Huishang Bank, Wuhu Beijing Road Sub-branch	17 April 2019	16 April 2020	Smart financial management "Chuangying" series – Huifu fixed income net value financial management products	5	4.60%	Recovered	230,000.00
3	Huishang Bank, Wuhu Beijing Road Sub-branch	24 June 2019	23 June 2020	Smart financial management "Chuangying" series – Huifu fixed income net value financial management products	2	4.58%	Recovered	91,600.00
4	Huishang Bank, Wuhu Beijing Road Sub-branch	27 September 2019	29 June 2020	Smart financial management "Chuangying" series – Huifu fixed income net value financial management products	1	4.40%	Recovered	33,271.20
5	Huishang Bank, Wuhu Beijing Road Sub-branch	27 September 2019	24 September 2020	Smart financial management "Chuangying" series – Huifu fixed income net value financial management products	1.5	4.55%	Recovered	67,876.50
6	CCB Wealth Management Co., Ltd.	17 October 2019	16 July 2020	CCB Wealth "Pengxin" closed-end wealth management product 2019 Tranche 1	4	4.61%	Recovered	138,428.00
7	CCB Wealth Management Co., Ltd.	20 December 2019	18 December 2020	CCB Wealth "Pengxin" closed-end wealth management product 2019 Tranche 19	0.7	4.71%	Recovered	32,970.00

6. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected annualized return rate	Status of Recovery	Actual income (RMB in '000)
8	China Construction Bank, Wuhu Huangshan Road Sub-branch	23 December 2019	17 June 2020	"Qianyan Texiangxing" Wealth Management Product 2019 Tranche 32	1	3.95%	Recovered	19,154.80
9	Agricultural Bank, Wuhu Jinqiao Sub-branch	24 December 2019	18 December 2020	"Anxindeli - Dayou" close - ended net worth RMB denominated wealth management product	1.3	3.85%	Recovered	49,364.40
10	CCB Wealth Management Co., Ltd.	21 April 2020	21 April 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 29	3	4.25%	Not expired	/
11	Agricultural Bank, Wuhu Jinqiao Sub-branch	29 May 2020	28 May 2021	"Anxindeli - Dayou" close - ended net worth RMB denominated wealth management product	0.4	3.70%	Not expired	/
12	Bank of China, Wuhu Sub-branch	29 May 2020	28 May 2021	Zhong Yin Stable Wealth Management Plan - Zhi Hui Series Tranche 208564	0.4	3.70%	Not expired	/
13	CCB Wealth Management Co., Ltd.	2 June 2020	2 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 35	1.2	4.26%	Not expired	/
14	CCB Wealth Management Co., Ltd.	17 June 2020	17 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 34	2	4.56%	Not expired	/
15	CCB Wealth Management Co., Ltd.	28 July 2020	28 July 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 120	6	4.15%	Not expired	/
16	CCB Wealth Management Co., Ltd.	29 September 2020	29 September 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 124	3	4.21%	Not expired	/
17	HSBank Wealth Management Co., Ltd.	22 October 2020	22 October 2021	HSBank Wealth Management "Anying" fixed income net value financial management products	2.5	4.35%	Not expired	/
18	CCB Wealth Management Co., Ltd.	20 November 2020	18 November 2021	CCB Wealth "Jiaxin" closed-end wealth management product 2020 Tranche 31	2	4.43%	Not expired	/

6. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected annualized return rate	Status of Recovery	Actual income (RMB in '000)
19	HSBank Wealth Management Co., Ltd.	19 November 2020	9 June 2021	HSBank Wealth Management "Anying" fixed income net value financial management products	2	4.16%	Not expired	/
20	Industrial Wealth Management Co., Ltd.	25 November 2020	24 May 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 2	2	4.25%	Not expired	/
21	SPD Bank Wuhu Sub-branch	26 November 2020	24 November 2021	SPD Bank Qiming Series Wealth Management Plan Tranche 2017	1	4.70%	Not expired	/
22	China Merchants Bank, Wuhu Sub-branch	27 November 2020	25 November 2021	China Merchants Bank Dingding Series A No. 65143 Wealth Management Plan	0.5	4.50%	Not expired	/
23	Industrial Wealth Management Co., Ltd.	23 December 2020	2 December 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 4	0.5	4.42%	Not expired	/

During the Reporting Period, the Company had no overdue unrecoverable financial entrustment.

2. Loan entrustment

In 2017, Jiande Conch, a subsidiary of the Company, provided entrusted loan in the amount of RMB27.96 million to Jiande Chengli Building Material Co., Ltd. (being an entrusted management enterprise of the Company, hereinafter referred to as "Chengli Building Material") through Shouchang Sub-branch of Jiande Rural Commercial Bank Corporation Limited, Zhejiang Province (hereinafter referred to as "Shouchang Sub-branch of Jiande Rural Commercial Bank") (浙江建德農村商業銀行股份有限公司壽昌支行). Chengli Building Material pledged its assets as security and completed the registration of real estate security. The term of the loan is from 14 September 2017 to 21 October 2020 and the interest is settled on a quarterly basis with the interest rate of 6% per annum. Chengli Building Material has repaid the above entrusted loan amounting to RMB27.96 million on 21 October 2020.

On 22 October 2020, Jiande Conch entered into the Entrusted Loan Contract with Chengli Building Material, pursuant to which, Jiande Conch continued to provide entrusted loan in the amount of RMB27.96 million to Chengli Building Material through Shouchang Sub-branch of Jiande Rural Commercial Bank and Chengli Building Material completed the registration of real estate security. The term of the loan is from 22 October 2020 to 21 October 2023 and the interest is settled on a quarterly basis with the interest rate of 4.75% per annum.



6. Significant Events

(13) CARING FOR THE UNDERPRIVILEGED

The year 2020 witnessed the achievement of the goal of building a moderately prosperous society in all respects, and the culmination of the battle against poverty. The Group fully implemented the state's decisions and plans for a decisive battle against poverty. Focusing on poverty alleviation goals, we strengthened mechanism supports, tailored measures to local conditions to implement targeted policies, helped impoverished areas improve infrastructure, enhanced the quality of life of the masses, and actively participated in local poverty alleviation work.

During the Reporting Period, Huaining Conch, a subsidiary of the Group, donated 7,000 tonnes of cement to local impoverished villages for the renovation of rural infrastructure, and actively carried out "poverty alleviation through consumption" to increase the income of local people by purchasing unsalable agricultural and sideline products. Faced with the challenges brought about by the epidemic at the beginning of the year, the Company's poverty alleviation team stationed in villages attached great importance to it, arranging for the donation of epidemic prevention materials and systematically organizing epidemic prevention and poverty alleviation work to achieve both epidemic prevention and poverty alleviation. As agricultural and sideline products in Hotan Prefecture, Xinjiang were largely unsold due to the epidemic, the Company actively organized the purchase of more than 300 tonnes of agricultural and sideline products such as Xinjiang Hotan jujube and walnuts worth more than RMB4.1 million to help open up sales channels.

Details on the Group's efforts in caring for the underprivileged during the Reporting Period are set out in the 2020 Social Responsibility Report prepared by the Company, which was published on the respective websites of the SSE, the Stock Exchange and the Company on the same date as this annual report.

6. Significant Events

(14) ENVIRONMENTAL INFORMATION

1. Discharge status of the major pollutants by key subsidiaries

As at the end of the Reporting Period, 68 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies and the discharge status are set out in the below table:

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
1	Ningguo Cement Plant ^{note}	Sulfur dioxide	Organised	3	Kiln tail		26.98	GB4915-2013	267.59	375.00	No	January-September
							5.60	DB34/3576-2020	19.22	117.00	No	October-December
		Nitrogen oxides	Organised	3	Kiln tail		174.72	GB4915-2013	1,733.17	2,988.75	No	January-September
							42.98	DB34/3576-2020	147.47	243.77	No	October-December
		Particulate matter	Organised	6	Kiln head and tail		8.17	GB4915-2013	81.86	533.41	No	January-September
		Particulate matter	Organised	181	General discharge outlet		6.15	GB4915-2013	61.17		No	
		Particulate matter	Organised	6	Kiln head and tail		5.99	DB34/3576-2020	20.57	72.75	No	October-December
Particulate matter	Organised	181	General discharge outlet		6.25	DB34/3576-2020	27.97		No			
2	Tongling Conch ^{note}	Sulfur dioxide	Organised	5	Kiln tail		3.80	GB4915-2013	89.68	5,321.25	No	January-September
							3.05	DB34/3576-2020	20.65	1,773.75	No	October-December
		Nitrogen oxides	Organised	5	Kiln tail		179.05	GB4915-2013	3,834.51	10,642.50	No	January-September
							57.63	DB34/3576-2020	429.34	3,547.50	No	October-December
		Particulate matter	Organised	10	Kiln head and tail		6.92	GB4915-2013	205.36	1,808.25	No	January-September
		Particulate matter	Organised	376	General discharge outlet		7.05	GB4915-2013	51.10		No	
		Particulate matter	Organised	10	Kiln head and tail		5.89	DB34/3576-2020	61.75	602.75	No	October-December
Particulate matter	Organised	376	General discharge outlet		6.45	DB34/3576-2020	14.34		No			



6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
3	Baimashan Cement Plant ^{note}	Sulfur dioxide	Organised	2	Kiln tail		1.75	GB4915-2013	6.59	717.19	No	January-September
							0.95	DB34/3576-2020	1.60	87.44	No	October-December
		Nitrogen oxides	Organised	2	Kiln tail		179.01	GB4915-2013	678.19	1,425.00	No	January-September
							70.39	DB34/3576-2020	102.49	174.89	No	October-December
		Particulate matter	Organised	4	Kiln head and tail		6.56	GB4915-2013	49.00	219.15	No	January-September
		Particulate matter	Organised	112	General discharge outlet		3.97	GB4915-2013	10.60		No	
		Particulate matter	Organised	4	Kiln head and tail		5.66	DB34/3576-2020	15.99	45.21	No	October-December
Particulate matter	Organised	112	General discharge outlet		0.94	DB34/3576-2020	1.65		No			
4	Digang Conch ^{note}	Sulfur dioxide	Organised	4	Kiln tail		22.84	GB4915-2013	376.81	1,153.13	No	January-September
							11.94	DB34/3576-2020	61.58	192.19	No	October-December
		Nitrogen oxides	Organised	4	Kiln tail		178.84	GB4915-2013	2,807.81	3,690.00	No	January-September
							69.69	DB34/3576-2020	358.22	384.38	No	October-December
		Particulate matter	Organised	8	Kiln head and tail		4.30	GB4915-2013	101.27	542.57	No	January-September
		Particulate matter	Organised	158	General discharge outlet		3.47	GB4915-2013	15.24		No	
		Particulate matter	Organised	8	Kiln head and tail		3.67	DB34/3576-2020	29.71	107.67	No	October-December
Particulate matter	Organised	158	General discharge outlet		1.41	DB34/3576-2020	2.52		No			
5	Zongyang Conch ^{note}	Sulfur dioxide	Organised	5	Kiln tail		0.74	GB4915-2013	38.44	7,425.00	No	January-September
							0.58	DB34/3576-2020	9.58	309.38	No	October-December
		Nitrogen oxides	Organised	5	Kiln tail		141.41	GB4915-2013	3,075.74	3,712.50	No	January-September
							61.07	DB34/3576-2020	419.30	1,237.50	No	October-December
		Particulate matter	Organised	10	Kiln head and tail		4.97	GB4915-2013	153.09	1,159.71	No	January-September
		Particulate matter	Organised	171	General discharge outlet		6.07	GB4915-2013	23.35		No	
		Particulate matter	Organised	10	Kiln head and tail		3.67	DB34/3576-2020	42.26	138.57	No	October-December
Particulate matter	Organised	171	General discharge outlet		5.87	DB34/3576-2020	5.72		No			

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
6	Chizhou Conch ^{note}	Sulfur dioxide	Organised	7	Kiln tail	3.50	GB4915-2013	92.34	570.00	No	January-September
						0.66	DB34/3576-2020	20.87	391.88	No	October-December
		Nitrogen oxides	Organised	7	Kiln tail	161.55	GB4915-2013	4,002.19	9,405.00	No	January-September
						62.92	DB34/3576-2020	605.18	783.75	No	October-December
		Particulate matter	Organised	14	Kiln head and tail	6.84	GB4915-2013	244.60	1,526.84	No	January-September
		Particulate matter	Organised	228	General discharge outlet	7.24	GB4915-2013	56.09		No	
		Particulate matter	Organised	14	Kiln head and tail	5.06	DB34/3576-2020	66.14	179.86	No	October-December
Particulate matter	Organised	228	General discharge outlet	6.58	DB34/3576-2020	12.28		No			
7	Huaining Conch ^{note}	Sulfur dioxide	Organised	2	Kiln tail	35.94	GB4915-2013	187.76	1,162.50	No	January-September
						6.71	DB34/3576-2020	11.78	103.13	No	October-December
		Nitrogen oxides	Organised	2	Kiln tail	194.04	GB4915-2013	1,070.87	2,325.00	No	January-September
						75.14	DB34/3576-2020	183.47	206.25	No	October-December
		Particulate matter	Organised	4	Kiln head and tail	8.77	GB4915-2013	45.37	466.34	No	January-September
		Particulate matter	Organised	142	General discharge outlet	6.58	GB4915-2013	22.59		No	
		Particulate matter	Organised	4	Kiln head and tail	3.60	DB34/3576-2020	7.24	63.21	No	October-December
Particulate matter	Organised	142	General discharge outlet	5.16	DB34/3576-2020	15.64		No			
8	Anhui Xuancheng Conch Cement Co., Ltd. ^{note}	Sulfur dioxide	Organised	2	Kiln tail	15.53	GB4915-2013	114.19	843.75	No	January-September
						6.44	DB34/3576-2020	17.94	129.06	No	October-December
		Nitrogen oxides	Organised	2	Kiln tail	167.56	GB4915-2013	1,243.61	2,325.00	No	January-September
						74.91	DB34/3576-2020	201.06	258.13	No	October-December
		Particulate matter	Organised	5	Kiln head and tail	6.61	GB4915-2013	65.87	463.11	No	January-September
		Particulate matter	Organised	120	General discharge outlet	3.34	GB4915-2013	13.83		No	
		Particulate matter	Organised	5	Kiln head and tail	4.89	DB34/3576-2020	18.23	72.54	No	October-December
Particulate matter	Organised	120	General discharge outlet	2.10	DB34/3576-2020	3.45		No			



6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge outlets	outlets							
9	Wuhu Conch ^{note}	Sulfur dioxide	Organised	6	Kiln tail		35.69	GB4915-2013	1,319.63	2,595.00	No	January-September
							16.36	DB34/3576-2020	198.81	472.50	No	October-December
		Nitrogen oxides	Organised	6	Kiln tail		149.62	GB4915-2013	5,346.56	8,304.00	No	January-September
							63.41	DB34/3576-2020	728.57	894.50	No	October-December
		Particulate matter	Organised	12	Kiln head and tail		4.10	GB4915-2013	184.91	892.50	No	January-September
		Particulate matter	Organised	332	General discharge outlet		3.50	GB4915-2013	60.65		No	
		Particulate matter	Organised	12	Kiln head and tail		3.35	DB34/3576-2020	51.30	213.50	No	October-December
Particulate matter	Organised	332	General discharge outlet		3.10	DB34/3576-2020	20.21		No			
10	Suzhou Conch Cement Co., Ltd. ^{note}	Sulfur dioxide	Organised	2	Kiln tail		0.95	GB4915-2013	7.50	180.00	No	January-September
							0.67	DB34/3576-2020	2.05	60.00	No	October-December
		Nitrogen oxides	Organised	2	Kiln tail		139.56	GB4915-2013	908.21	2,475.00	No	January-September
							65.59	DB34/3576-2020	178.43	206.25	No	October-December
		Particulate matter	Organised	4	Kiln head and tail		5.55	GB4915-2013	51.53	525.03	No	January-September
		Particulate matter	Organised	122	General discharge outlet		3.33	GB4915-2013	10.74		No	
		Particulate matter	Organised	4	Kiln head and tail		4.54	DB34/3576-2020	16.08	67.87	No	October-December
Particulate matter	Organised	122	General discharge outlet		4.60	DB34/3576-2020	5.49		No			
11	Quanjiao Conch Cement Co., Ltd. ^{note}	Sulfur dioxide	Organised	2	Kiln tail		10.03	GB4915-2013	78.23	225.00	No	January-September
							0.92	DB34/3576-2020	3.50	75.00	No	October-December
		Nitrogen oxides	Organised	2	Kiln tail		144.90	GB4915-2013	1,100.58	1,980.00	No	January-September
							67.20	DB34/3576-2020	180.91	206.25	No	October-December
		Particulate matter	Organised	4	Kiln head and tail		4.34	GB4915-2013	49.05	318.20	No	January-September
		Particulate matter	Organised	133	General discharge outlet		6.22	GB4915-2013	31.27		No	
		Particulate matter	Organised	4	Kiln head and tail		3.08	DB34/3576-2020	11.09	66.80	No	October-December
Particulate matter	Organised	133	General discharge outlet		7.08	DB34/3576-2020	14.39		No			

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
12	Chaohu Conch Cement Co., Ltd. ^{note}	Sulfur dioxide	Organised	3	Kiln tail	38.85	GB4915-2013	364.91	1,856.25	No	January-September
						13.59	DB34/3576-2020	49.62	154.69	No	October-December
		Nitrogen oxides	Organised	3	Kiln tail	181.87	GB4915-2013	1,670.05	3,712.50	No	January-September
						58.13	DB34/3576-2020	212.41	309.38	No	October-December
		Particulate matter	Organised	6	Kiln head and tail	8.79	GB4915-2013	112.40	652.09	No	January-September
		Particulate matter	Organised	148	General discharge outlet	5.08	GB4915-2013	12.18		No	
		Particulate matter	Organised	6	Kiln head and tail	3.52	DB34/3576-2020	15.04	79.23	No	October-December
Particulate matter	Organised	148	General discharge outlet	4.36	DB34/3576-2020	3.48		No			
13	Wuhu South Cement ^{note}	Sulfur dioxide	Organised	3	Kiln tail	28.15	GB4915-2013	94.90	256.77	No	January-September
						10.02	DB34/3576-2020	23.67	128.28	No	October-December
		Nitrogen oxides	Organised	3	Kiln tail	242.60	GB4915-2013	857.28	1,375.00	No	January-September
						82.45	DB34/3576-2020	191.49	257.81	No	October-December
		Particulate matter	Organised	6	Kiln head and tail	6.96	GB4915-2013	12.70	541.36	No	January-September
		Particulate matter	Organised	137	General discharge outlet	6.10	DB34/3576-2020	24.68		No	
		Particulate matter	Organised	6	Kiln head and tail	2.45	GB4915-2013	7.83	270.07	No	October-December
Particulate matter	Organised	137	General discharge outlet	6.10	DB34/3576-2020	18.68		No			
14	Zhongguo Cement Plant Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.55	GB4915-2013	19.41	52.38	No	Full year
						48.96	Notice on Issuing of the Enhanced Control Program for Nitrogen Oxides Emission in the Fourth Quarter of 2020 released by Nanjing City	162.91	487.74	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	5.35	GB4915-2013	29.12	100.17	No	Full year
						7.73	GB4915-2013	25.86		No	Full year
		Particulate matter	Organised	85	General discharge outlet						



6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge outlets	outlets							
15	Jiande Conch	Sulfur dioxide	Organised	2		Kiln tail	11.50	GB4915-2013	84.30	300.00	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	219.99	GB4915-2013	1,755.94	1,840.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	3.14	GB4915-2013	39.58	213.00	No	Full year
		Particulate matter	Organised	117		General discharge outlet	4.50	GB4915-2013	121.00		No	Full year
16	Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2		Kiln tail	11.11	GB4915-2013	45.52	1,052.70	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	283.12	GB4915-2013	1,252.64	1,801.80	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	6.70	GB4915-2013	47.56	362.92	No	Full year
		Particulate matter	Organised	119		General discharge outlet	4.85	GB4915-2013	20.93		No	Full year
17	Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3		Kiln tail	7.06	GB4915-2013	111.96	320.00	No	Full year
		Nitrogen oxides	Organised	3		Kiln tail	245.65	GB4915-2013	4,224.72	4,468.50	No	Full year
		Particulate matter	Organised	6		Kiln head and tail	9.90	GB4915-2013	225.37	853.41	No	Full year
		Particulate matter	Organised	174		General discharge outlet	7.12	GB4915-2013	47.70		No	Full year
18	Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3		Kiln tail	1.81	GB4915-2013	17.26	235.19	No	Full year
		Nitrogen oxides	Organised	3		Kiln tail	297.22	GB4915-2013	2,358.90	2,641.00	No	Full year
		Particulate matter	Organised	6		Kiln head and tail	7.14	GB4915-2013	110.02	813.04	No	Full year
		Particulate matter	Organised	113		General discharge outlet	8.15	GB4915-2013	465.93		No	Full year
19	Prosperity Conch	Sulfur dioxide	Organised	4		Kiln tail	32.76	GB4915-2013	332.42	640.00	No	Full year
		Nitrogen oxides	Organised	4		Kiln tail	249.46	GB4915-2013	2,696.18	5,168.00	No	Full year
		Particulate matter	Organised	8		Kiln head and tail	5.52	GB4915-2013	119.68	1,055.85	No	Full year
		Particulate matter	Organised	222		General discharge outlet	4.23	GB4915-2013	52.67		No	Full year

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
20	Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.89	GB4915-2013	53.54	320.00	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	354.26	GB4915-2013	2,405.22	3,146.40	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	5.76	GB4915-2013	43.77	520.52	No	Full year
		Particulate matter	Organised	120	General discharge outlet	4.34	GB4915-2013	23.68		No	Full year
21	Yangchun Conch	Sulfur dioxide	Organised	2	Kiln tail	27.10	GB4915-2013	380.57	530.00	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	227.20	GB4915-2013	3,008.69	3,548.00	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	6.70	GB4915-2013	165.73	746.13	No	Full year
		Particulate matter	Organised	191	General discharge outlet	5.15	GB4915-2013	159.75		No	Full year
22	Guangdong Qingyuan	Sulfur dioxide	Organised	3	Kiln tail	3.67	GB4915-2013	27.18	657.43	No	Full year
		Nitrogen oxides	Organised	3	Kiln tail	275.37	GB4915-2013	1,630.92	2,103.78	No	Full year
	Guangying Cement Co., Ltd.	Particulate matter	Organised	6	Kiln head and tail	8.90	GB4915-2013	93.21	867.17	No	Full year
		Particulate matter	Organised	105	General discharge outlet	4.50	GB4915-2013	10.24		No	Full year
23	Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.21	GB4915-2013	69.00	300.00	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	277.50	GB4915-2013	2,265.27	2,476.00	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	8.52	GB4915-2013	126.52	543.70	No	Full year
		Particulate matter	Organised	139	General discharge outlet	8.62	GB4915-2013	69.53		No	Full year
24	Xingye Kuiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.04	GB4915-2013	61.59	130.58	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	233.98	GB4915-2013	2,348.66	2,713.31	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	9.90	GB4915-2013	133.20	1,041.97	No	Full year
		Particulate matter	Organised	136	General discharge outlet	6.39	GB4915-2013	69.94		No	Full year

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge outlets	outlets							
25	Fusui Xinning	Sulfur dioxide	Organised	3		Kiln tail	3.17	GB4915-2013	37.64	180.99	No	Full year
	Conch	Nitrogen oxides	Organised	3		Kiln tail	234.46	GB4915-2013	3,281.10	3,712.98	No	Full year
	Cement Co., Ltd.	Particulate matter	Organised	6		Kiln head and tail	5.49	GB4915-2013	126.00	605.20	No	Full year
		Particulate matter	Organised	218		General discharge outlet	5.07	GB4915-2013	89.32		No	Full year
26	Beiliu Conch	Sulfur dioxide	Organised	2		Kiln tail	21.79	GB4915-2013	212.69	265.80	No	Full year
	Cement Co., Ltd.	Nitrogen oxides	Organised	2		Kiln tail	258.62	GB4915-2013	2,519.04	2,525.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	10.68	GB4915-2013	129.51	600.00	No	Full year
		Particulate matter	Organised	120		General discharge outlet	6.31	GB4915-2013	83.06		No	Full year
27	Longan Conch	Sulfur dioxide	Organised	1		Kiln tail	51.50	GB4915-2013	169.96	178.49	No	Full year
	Cement Co., Ltd.	Nitrogen oxides	Organised	1		Kiln tail	285.48	GB4915-2013	1,045.04	1,240.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	11.05	GB4915-2013	74.77	267.20	No	Full year
		Particulate matter	Organised	117		General discharge outlet	7.33	GB4915-2013	32.06		No	Full year
28	Guangxi Lingyun	Sulfur dioxide	Organised	1		Kiln tail	9.82	GB4915-2013	21.99	426.25	No	Full year
	Tonghong	Nitrogen oxides	Organised	1		Kiln tail	287.80	GB4915-2013	683.05	852.50	No	Full year
	Cement Co., Ltd.	Particulate matter	Organised	2		Kiln head and tail	14.33	GB4915-2013	40.65	177.38	No	Full year
		Particulate matter	Organised	52		General discharge outlet	6.11	GB4915-2013	2.32		No	Full year
29	Shuangfeng	Sulfur dioxide	Organised	2		Kiln tail	3.29	GB4915-2013	28.55	476.50	No	Full year
	Conch	Nitrogen oxides	Organised	2		Kiln tail	254.70	GB4915-2013	2,373.38	2,947.00	No	Full year
	Cement Co., Ltd.	Particulate matter	Organised	4		Kiln head and tail	6.54	GB4915-2013	82.05	675.02	No	Full year
		Particulate matter	Organised	149		General discharge outlet	7.62	GB4915-2013	24.24		No	Full year

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
30	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	9.16	GB4915-2013	78.46	404.36	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	264.49	GB4915-2013	2,305.07	2,880.00	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	6.37	GB4915-2013	70.72	646.32	No	Full year
		Particulate matter	Organised	159	General discharge outlet	8.24	GB4915-2013	34.85		No	Full year
31	Shimen Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	1.50	GB4915-2013	14.10	450.10	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	166.00	GB4915-2013	1,631.00	2,536.50	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	5.60	GB4915-2013	75.90	407.69	No	Full year
		Particulate matter	Organised	144	General discharge outlet	7.95	GB4915-2013	28.00		No	Full year
32	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	28.46	GB4915-2013	205.66	462.10	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	254.85	GB4915-2013	1,796.49	2,187.90	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	3.98	GB4915-2013	56.67	391.00	No	Full year
		Particulate matter	Organised	124	General discharge outlet	8.06	GB4915-2013	203.87		No	Full year
33	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.99	GB4915-2013	27.49	234.40	No	Full year
		Nitrogen oxides	Organised	1	Kiln tail	258.48	GB4915-2013	994.13	1,350.00	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	6.26	GB4915-2013	37.28	236.69	No	Full year
		Particulate matter	Organised	115	General discharge outlet	7.54	GB4915-2013	27.72		No	Full year
34	Shaoyang Yeafing New Energy Technology Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	35.20	GB4915-2013	126.28	160.00	No	Full year
		Nitrogen oxides	Organised	1	Kiln tail	179.65	GB4915-2013	664.01	1,116.00	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	8.13	GB4915-2013	50.00	184.50	No	Full year
		Particulate matter	Organised	75	General discharge outlet	8.58	GB4915-2013	20.67		No	Full year

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge outlets	outlets							
35	Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	1.30	GB4915-2013	6.13	247.05	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	261.99	GB4915-2013	542.08	1,716.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	7.56	GB4915-2013	25.67	305.60	No	Full year
		Particulate matter	Organised	65		General discharge outlet	8.70	GB4915-2013	15.72		No	Full year
36	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	2.07	GB4915-2013	9.85	234.97	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	259.75	GB4915-2013	1,156.93	1,386.58	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	4.93	GB4915-2013	24.70	222.71	No	Full year
		Particulate matter	Organised	75		General discharge outlet	5.71	GB4915-2013	19.70		No	Full year
37	Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	1.93	GB4915-2013	5.24	151.11	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	262.34	GB4915-2013	707.17	1,440.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	8.10	GB4915-2013	44.74	340.31	No	Full year
		Particulate matter	Organised	106		General discharge outlet	3.60	GB4915-2013	16.32		No	Full year
38	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	0.92	GB4915-2013	2.71	150.00	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	264.13	GB4915-2013	904.00	1,120.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	9.20	GB4915-2013	41.12	186.28	No	Full year
		Particulate matter	Organised	80		General discharge outlet	8.49	GB4915-2013	207.00		No	Full year
39	Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2		Kiln tail	5.06	GB4915-2013	50.41	342.58	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	114.46	GB4915-2013	1,197.24	3,285.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	9.42	GB4915-2013	142.22	700.04	No	Full year
		Particulate matter	Organised	140		General discharge outlet	7.45	GB4915-2013	48.74		No	Full year

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
40	Dazhou Conch	Sulfur dioxide	Organised	2	Kiln tail	4.50	GB4915-2013	19.00	284.30	No	Full year
		Nitrogen oxides	Organised	2	Kiln tail	168.00	GB4915-2013	1,515.00	2,970.00	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	13.00	GB4915-2013	78.00	590.32	No	Full year
		Particulate matter	Organised	115	General discharge outlet	11.15	GB4915-2013	39.00		No	Full year
41	Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.57	GB4915-2013	17.70	142.13	No	Full year
		Nitrogen oxides	Organised	1	Kiln tail	170.86	GB4915-2013	684.32	1,008.26	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	10.39	GB4915-2013	74.07	326.99	No	Full year
		Particulate matter	Organised	80	General discharge outlet	9.48	GB4915-2013	29.62		No	Full year
42	Sichuan Nanwei Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	21.00	GB4915-2013	28.00	56.00	No	Full year
		Nitrogen oxides	Organised	1	Kiln tail	172.00	GB4915-2013	400.00	800.00	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	14.00	GB4915-2013	40.00	110.00	No	Full year
		Particulate matter	Organised	62	General discharge outlet	9.00	GB4915-2013	26.00		No	Full year
43	Chongqing Conch	Sulfur dioxide	Organised	3	Kiln tail	12.03	DB50/656-2016	155.87	2,252.25	No	Full year
		Nitrogen oxides	Organised	3	Kiln tail	156.09	DB50/656-2016	2,060.20	3,474.00	No	Full year
		Particulate matter	Organised	6	Kiln head and tail	5.94	DB50/656-2016	121.21	875.36	No	Full year
		Particulate matter	Organised	204	General discharge outlet	9.40	DB50/656-2016	98.93		No	Full year
44	Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.96	DB50/656-2016	19.20	792.00	No	Full year
		Nitrogen oxides	Organised	1	Kiln tail	161.84	DB50/656-2016	669.56	1,152.00	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	12.57	DB50/656-2016	68.88	339.81	No	Full year
		Particulate matter	Organised	81	General discharge outlet	9.76	DB50/656-2016	35.94		No	Full year

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge	outlets							
45	Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	15.92	GB4915-2013	0.70	79.58	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	205.38	GB4915-2013	175.00	567.74	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	6.54	GB4915-2013	5.50	151.20	No	Full year
		Particulate matter	Organised	83		General discharge outlet	4.86	GB4915-2013	2.38		No	Full year
46	Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2		Kiln tail	3.15	GB4915-2013	27.55	1,515.00	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	256.94	GB4915-2013	2,526.59	3,030.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	4.45	GB4915-2013	51.35	645.88	No	Full year
		Particulate matter	Organised	123		General discharge outlet	10.98	GB4915-2013	81.01		No	Full year
47	Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3		Kiln tail	41.42	GB4915-2013	514.84	706.37	No	Full year
		Nitrogen oxides	Organised	3		Kiln tail	308.71	GB4915-2013	3,647.50	3,901.51	No	Full year
		Particulate matter	Organised	6		Kiln head and tail	11.04	GB4915-2013	200.59	984.57	No	Full year
		Particulate matter	Organised	170		General discharge outlet	5.93	GB4915-2013	32.79		No	Full year
48	Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2		Kiln tail	40.24	GB4915-2013	395.11	646.80	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	199.63	GB4915-2013	2,103.00	3,267.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	11.30	GB4915-2013	184.97	671.27	No	Full year
		Particulate matter	Organised	116		General discharge outlet	8.27	GB4915-2013	41.56		No	Full year
49	Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2		Kiln tail	13.32	GB4915-2013	134.62	1,485.00	No	Full year
		Nitrogen oxides	Organised	2		Kiln tail	289.12	GB4915-2013	2,571.01	2,970.00	No	Full year
		Particulate matter	Organised	4		Kiln head and tail	5.34	GB4915-2013	59.71	666.96	No	Full year
		Particulate matter	Organised	131		General discharge outlet	5.82	GB4915-2013	39.68		No	Full year

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants			Number of Discharge discharge outlets Distribution of discharge outlets		Implemented standards for discharge of pollutants		Total amount of actual discharge	Total amount of approved discharge	Excessive discharge	Remarks
		Discharge mode	Discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Discharge of pollutants	(t)	(t/a)				
50	Guiding Conch	Sulfur dioxide	Organised	2	Kiln tail	58.64	GB4915-2013	561.90	1,559.25	No	Full year	
	Panjiang	Nitrogen oxides	Organised	2	Kiln tail	285.82	GB4915-2013	2,750.12	3,118.50	No	Full year	
	Cement Co., Ltd.	Particulate matter	Organised	4	Kiln head and tail	9.42	GB4915-2013	135.21	600.09	No	Full year	
		Particulate matter	Organised	132	General discharge outlet	10.16	GB4915-2013	57.10		No	Full year	
51	Qianxinan	Sulfur dioxide	Organised	1	Kiln tail	7.00	GB4915-2013	11.20	241.00	No	Full year	
	Resource	Nitrogen oxides	Organised	1	Kiln tail	243.00	GB4915-2013	614.00	620.00	No	Full year	
	Development	Particulate matter	Organised	2	Kiln head and tail	8.46	GB4915-2013	27.26	134.06	No	Full year	
	Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	10.20	GB4915-2013	16.10		No	Full year	
52	Shuicheng	Sulfur dioxide	Organised	2	Kiln tail	3.52	GB4915-2013	9.96	446.99	No	Full year	
	Conch	Nitrogen oxides	Organised	2	Kiln tail	303.46	GB4915-2013	792.23	1,733.62	No	Full year	
	Panjiang	Particulate matter	Organised	4	Kiln head and tail	10.96	GB4915-2013	43.94	393.70	No	Full year	
	Cement Co., Ltd.	Particulate matter	Organised	104	General discharge outlet	5.54	GB4915-2013	12.59		No	Full year	
53	Guizhou	Sulfur dioxide	Organised	2	Kiln tail	39.15	GB4915-2013	184.96	529.23	No	Full year	
	Liukuangruian	Nitrogen oxides	Organised	2	Kiln tail	261.19	GB4915-2013	1,165.32	2,260.00	No	Full year	
	Cement Co., Ltd.	Particulate matter	Organised	4	Kiln head and tail	6.03	GB4915-2013	32.73	481.00	No	Full year	
		Particulate matter	Organised	106	General discharge outlet	8.75	GB4915-2013	23.57		No	Full year	
54	Liquan Conch	Sulfur dioxide	Organised	2	Kiln tail	6.99	DB61/941-2018	76.56	208.69	No	Full year	
	Cement Co., Ltd.	Nitrogen oxides	Organised	2	Kiln tail	172.43	DB61/941-2018	1,889.86	1,908.00	No	Full year	
		Particulate matter	Organised	4	Kiln head and tail	2.31	DB61/941-2018	25.37	335.96	No	Full year	
		Particulate matter	Organised	160	General discharge outlet	8.99	DB61/941-2018	79.60		No	Full year	

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
				discharge outlets	outlets							
55	Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	18.70	DB61/941-2018	57.70	297.00	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	192.00	DB61/941-2018	740.10	1,188.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	4.10	DB61/941-2018	17.30	197.58	No	Full year
		Particulate matter	Organised	106		General discharge outlet	7.70	DB61/941-2018	11.90		No	Full year
56	Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	13.17	DB61/941-2018	52.90	249.00	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	208.69	DB61/941-2018	824.00	1,116.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	3.35	DB61/941-2018	19.14	176.33	No	Full year
		Particulate matter	Organised	94		General discharge outlet	7.27	DB61/941-2018	17.73		No	Full year
57	Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	11.18	DB61/941-2018	38.77	191.81	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	265.23	DB61/941-2018	804.04	1,227.60	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	3.48	DB61/941-2018	16.53	186.91	No	Full year
		Particulate matter	Organised	122		General discharge outlet	6.61	DB61/941-2018	34.23		No	Full year
58	Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	11.29	DB61/941-2018	44.72	249.00	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	219.07	DB61/941-2018	835.80	1,116.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	2.89	DB61/941-2018	18.07	176.33	No	Full year
		Particulate matter	Organised	111		General discharge outlet	6.70	DB61/941-2018	262.32		No	Full year
59	Shaanxi Tongchuan Fenghuang Construction Co., Ltd.	Sulfur dioxide	Organised	1		Kiln tail	8.22	DB61/941-2018	29.50	337.50	No	Full year
		Nitrogen oxides	Organised	1		Kiln tail	250.43	DB61/941-2018	853.80	1,080.00	No	Full year
		Particulate matter	Organised	2		Kiln head and tail	0.75	DB61/941-2018	3.57	175.13	No	Full year
		Particulate matter	Organised	53		General discharge outlet	7.20	DB61/941-2018	25.57		No	Full year

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and Number of		Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks
			Discharge mode	discharge outlets							
60	Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.49	DB37/2373-2018	41.20	281.30	No	Full year
						65.50	DB37/2373-2018	403.00	601.43	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	6.07	DB37/2373-2018	40.45	164.96	No	Full year
						6.20	GB4915-2013	58.23	No	Full year	
61	Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.48	GB4915-2013	1.73	150.76	No	Full year
						228.98	GB4915-2013	931.71	1,534.50	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	5.89	GB4915-2013	32.48	312.41	No	Full year
						9.67	GB4915-2013	33.99	No	Full year	
62	Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.99	GB4915-2013	2.31	43.00	No	Full year
						243.62	GB4915-2013	477.68	750.00	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	5.69	GB4915-2013	17.77	163.40	No	Full year
						8.41	GB4915-2013	14.13	No	Full year	
63	Yingjiangyunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.13	GB4915-2013	23.74	60.15	No	Full year
						259.92	GB4915-2013	1,027.78	1,304.05	No	Full year
		Particulate matter	Organised	2	Kiln head and tail	10.07	GB4915-2013	61.36	260.22	No	Full year
						8.92	GB4915-2013	44.48	No	Full year	
64	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.82	GB4915-2013	86.88	241.10	No	Full year
						239.79	GB4915-2013	2,717.41	2,790.00	No	Full year
		Particulate matter	Organised	4	Kiln head and tail	6.47	GB4915-2013	123.88	603.89	No	Full year
						9.95	GB4915-2013	52.15	No	Full year	

6. Significant Events

No.	Name of companies	Name of special types of pollutants	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	Remarks																						
65	Hami Hongyi Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail		4.40	GB4915-2013	4.00	45.00	No	Full year																						
													Nitrogen oxides	Organised	1	Kiln tail		351.00	GB4915-2013	319.00	750.00	No	Full year											
																								Particulate matter	Organised	2	Kiln head and tail		8.05	GB4915-2013	14.30	152.68	No	Full year
66	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail		14.00	GB4915-2013	21.00	55.00	No	Full year																						
													Nitrogen oxides	Organised	1	Kiln tail		264.00	GB4915-2013	371.00	645.00	No	Full year											
																								Particulate matter	Organised	2	Kiln head and tail		14.50	GB4915-2013	25.00	95.00	No	Full year
67	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail		21.45	GB4915-2013	42.47	62.27	No	Full year																						
													Nitrogen oxides	Organised	1	Kiln tail		269.14	GB4915-2013	581.60	775.00	No	Full year											
																								Particulate matter	Organised	2	Kiln head and tail		9.91	GB4915-2013	34.68	78.60	No	Full year
68	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail		5.46	GB4915-2013	8.29	172.00	No	Full year																						
													Nitrogen oxides	Organised	1	Kiln tail		209.31	GB4915-2013	424.60	576.00	No	Full year											
																								Particulate matter	Organised	2	Kiln head and tail		8.15	GB4915-2013	20.47	124.28	No	Full year

Note: In March 2020, Department of Ecology and Environment of Anhui Province and Anhui Provincial Administration for Market Regulation issued Anhui local standard "Emission Standard of Air Pollutants from Cement Industry" (DB34/3576-2020). 13 subsidiaries of the Group located in Anhui Province still implemented standard under GB4915-2013 before 30 September 2020, and have implemented the new pollutant emission standard starting from 1 October 2020 according to the requirements of the document. Therefore, the above table sets out periodic statistics on the pollutant emission of 13 subsidiaries in Anhui Province in 2020.

6. Significant Events

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

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
1	Changfeng Conch	Particulate matter	Organised	54	General discharge outlet	8.30	GB4915-2013 DB34/3576-2020	21.10	/	No
2	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	63	General discharge outlet	5.18	GB4915-2013 DB34/3576-2020	13.05	/	No
3	Bengbu Conch	Particulate matter	Organised	86	General discharge outlet	5.74	GB4915-2013 DB34/3576-2020	14.35	/	No
4	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	75	General discharge outlet	4.40	GB4915-2013 DB34/3576-2020	30.78	/	No
5	Huainan Conch	Particulate matter	Organised	110	General discharge outlet	9.00	GB4915-2013 DB34/3576-2020	203.30	/	No
6	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	46	General discharge outlet	5.21	GB4915-2013 DB34/3576-2020	8.61	/	No
7	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	6.67	GB4915-2013 DB34/3576-2020	68.20	/	No
8	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	44	General discharge outlet	4.40	GB4915-2013	14.17	/	No
9	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	6.80	GB4915-2013	5.43	/	No
10	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	5.60	GB4915-2013	44.38	/	No
11	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	3.40	GB4915-2013	13.37	/	No
12	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	137	General discharge outlet	3.50	GB4915-2013	29.74	/	No
13	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	78	General discharge outlet	6.80	GB4915-2013	21.81	/	No



6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
14	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	38	General discharge outlet	7.30	GB4915-2013	8.72	21.50	No
15	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	7.08	GB4915-2013	41.22		/ No
16	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	7.60	GB4915-2013	72.43		/ No
17	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	6.60	GB4915-2013	41.37		/ No
18	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	13	General discharge outlet	8.21	GB4915-2013	4.88		/ No
19	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	129	General discharge outlet	8.40	GB4915-2013	37.90		/ No
20	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	8.60	GB4915-2013	62.00		/ No
21	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	9.20	GB4915-2013	43.21		/ No
22	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	7.90	GB4915-2013	16.87		/ No
23	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	165	General discharge outlet	8.10	GB4915-2013	35.89		/ No
24	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	112	General discharge outlet	7.03	GB4915-2013	34.13		/ No
25	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	12.90	GB4915-2013	107.56		/ No
26	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	8.96	GB4915-2013	667.53		/ No
27	Jinxi Conch Cement Co., Ltd.	Particulate matter	Organised	60	General discharge outlet	18.14	GB4915-2013	217.68		/ No
28	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	7.50	GB4915-2013	73.55		/ No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
29	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	92	General discharge outlet	8.70	GB4915-2013	26.30	/	No
30	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	3.59	GB4915-2013	4.12	/	No
31	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	8.50	GB4915-2013	32.92	/	No
32	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	7.30	GB4915-2013	50.29	/	No
33	Fujian Jianyang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	9.07	GB4915-2013	8.09	/	No

3. Environmental protection investment and achievements of the Group

During the Reporting Period, the Group comprehensively implemented the national environmental protection policy, strictly implemented the requirements of various environmental protection laws, regulations and standards, and continuously strengthened environmental protection management. In 2020, the Group initiated more than 190 relatively large-scale environmental protection technological modification projects, invested more than RMB1.8 billion in environmental protection technological modification throughout the year. It actively utilized the advantages in resources co-ordination of the Company's headquarters and Regional Committees to guide the subordinate subsidiaries to strengthen the operation and maintenance of environmental protection equipment and rigidly pushed forward reduction of pollutants emissions and management works.

In terms of emission reduction of sulfur dioxide, the Group minimized the emission of sulfur dioxide through technological modification such as wet desulfurization and semi-dry desulfurization according to the operation characteristics of production lines. Currently, the sulfur dioxide discharge concentration for clinker production lines is lower than the national emission standard limit (according to the Emission Standard of Air Pollutants for Cement Industry (GB4915-2013), the limit of sulfur dioxide emission in key areas is 100 mg/m³) and meets local environmental protection management and control requirements.



6. Significant Events

In terms of reducing nitrogen oxide emissions, during the Reporting Period, the Group accelerated the popularization and application of innovative technologies on the basis of successful pilot of SCR denitration technological modification in the early stage. Through independent research and development, the Group built the first domestic SCR denitration demonstration line with high temperature and high dust in its subordinate Baimashan Cement Plant, filling the gap in this technical field in the domestic cement industry, and then successively promoted and implemented it in several subordinate subsidiaries. After the technological modification of SCR denitration, the emission concentration of nitrogen oxides can be controlled below 100mg/m³, realizing ultra-low emission.

In terms of particulate matter emission reduction, by the end of 2020, the Group has accumulatively completed replacement electric dust collection with bag dust collection for 177 sets of devices. After technological modification, the average emission concentration of particulate matter is less than 10mg/m³, which is better than that of the national standard (according to the Emission Standard of Air Pollutants for Cement Industry (GB4915-2013), the limit of particulate matter emission in key areas is 20mg/m³).

All of the subsidiaries of the Group have obtained the environmental assessment approval documents and applied for the emission permit in strict compliance with the requirements of Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》). All subsidiaries were equipped with online monitoring equipment in accordance with the requirements of the environmental protection authority, regularly carried out equipment upgrades and operating maintenance in accordance with relevant technological specifications, and formulated monitoring plans and conducted self-monitoring in strict compliance with the requirements of the industry's self-monitoring technology guidelines. The subsidiaries submitted reports on the implementation of emission permit on a quarterly basis, disclosed the companies' information on pollution discharge and compliance with laws to receive public supervision. In addition, each subsidiary has formulated environmental emergency response plan and has completed the filing with the environmental protection authority in strict compliance with the requirements of Emergency Response Measures of the People's Republic of China (《中華人民共和國突發事件應對辦法》) and other documents. They also carried out drills regularly, enabling the Group to take actions in a quick, orderly and efficient manner to manage and reduce damages upon occurrence of any environmental pollution incidents (accidents), thereby safeguarding the public and protecting the environment.

For more information about the Group's implementation of environmental protection policies and regulations, and fulfillment of environmental protection responsibilities, please refer to the Company's 2020 Social Responsibility Report published on the websites of the SSE, the Stock Exchange and the Company on the same day as this annual report.



6. Significant Events

4. Other required disclosures related to the environment

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

(15) NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS

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

7. Changes in Shareholdings and Shareholders

(1) TOTAL NUMBER OF SHARES AND THE SHAREHOLDING STRUCTURE

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

(Unit: Share)

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

(2) SUMMARY OF TRADING OF THE COMPANY'S SHARES IN 2020

	A Share/RMB	H Share/HK\$
Opening price on the first trading day of the year	55.30	58.00
Closing price on the last trading day of the year	51.62	48.55
Highest trading price during the year	63.56	62.05
Lowest trading price during the year	43.21	44.65

7. Changes in Shareholdings and Shareholders

(3) SHAREHOLDERS

- 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.
- As at 31 December 2020, the shareholdings of the top ten registered shareholders of the Company are set out as follows:

Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
					Status	Number of shares (share)
1. Conch Holdings ^(Note 1)	State-owned legal person	1,928,870,014	36.40	A Shares	Nil	-
2. HKSCC Nominees Limited ^(Note 2)	Foreign legal person	1,298,428,110	24.50	H Shares	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	371,850,044	7.02	A Shares	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	158,706,413	2.99	A Shares	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Shares	Unknown	Unknown
6. CV Investment	Domestic non-state-owned legal person	40,550,000	0.77	A Shares	Nil	-
7. Hillhouse Capital Management Co., Ltd. – HCM China Fund	Others	37,322,610	0.70	A Shares	Unknown	Unknown
8. Bank Negara Malaysia	Others	32,270,473	0.61	A Shares	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 Shares	Unknown	Unknown
10. Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	17,861,146	0.34	A Shares	Unknown	Unknown

Notes:

- During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- 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.
- All the above shares are floating shares not subject to trading restrictions.
- The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

7. Changes in Shareholdings and Shareholders

3. As at 31 December 2020, the following persons (other than the Directors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) (references to Directors or chief executive in this paragraph include Supervisors):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) ^(Note 1)	Beneficial owner/Interest of a controlled corporation	48.23% ^(Note 2)
Anhui Provincial Investment Group Holding Co., Ltd.	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Conch Venture Property	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Conch Venture	1,928,870,014 A Shares (long position) ^(Note 1)	Interest of a controlled corporation	48.23% ^(Note 2)
Taiwan Cement Corporation	116,568,000 H Shares (long position) ^(Note 4)	Interest of a controlled corporation	8.97% ^(Note 3)
BlackRock, Inc.	103,877,232 H Shares (long position) ^(Note 5)	Interest of a controlled corporation	7.99% ^(Note 3)
Citigroup Inc.	91,233,663 H Shares (long position) ^(Note 6)	Interest of a controlled corporation/Approved Lending Agent	7.02% ^(Note 3)
Citigroup Inc.	4,001,864 H Shares (short position) ^(Note 6)	Interest of a controlled corporation	0.30% ^(Note 3)
JPMorgan Chase & Co.	89,851,891 H Shares (long position) ^(Note 7)	Interest of a controlled corporation/Investment manager/Person having a security interest in Shares/Trustee/Approved Lending Agent	6.91% ^(Note 3)
JPMorgan Chase & Co.	6,099,741 H Shares (short position) ^(Note 7)	Interest of a controlled corporation	0.46% ^(Note 3)

7. Changes in Shareholdings and Shareholders

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares accordingly.
- (5) Based on the disclosure of interests form submitted by BlackRock, Inc. on 28 May 2020 in respect of the relevant event that occurred on 25 May 2020, these shares were held through certain subsidiaries of BlackRock, Inc. in the capacity of interest of a controlled corporation.
- (6) Based on the disclosure of interests form submitted by Citigroup Inc. on 4 January 2021 in respect of the relevant event that occurred on 29 December 2020, these shares were held through certain subsidiaries of Citigroup Inc.. Of the 91,233,663 H Shares (long position), 3,843,843 shares were held in the capacity of interest of a controlled corporation; 87,389,820 shares (securities in lending pool) in the capacity of approved lending agent. 4,001,864 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (7) Based on the disclosure of interests form submitted by JPMorgan Chase & Co. on 31 August 2020 in respect of the relevant event that occurred on 26 August 2020, these shares were held through certain subsidiaries of JPMorgan Chase & Co.. Of the 89,851,891 H Shares (long position), 10,523,465 shares were held in the capacity of interest of a controlled corporation; 6,849,325 shares were held in the capacity of investment manager; 5,085,111 shares were held in the capacity of person having a security interest in the shares; 53,300 shares were held in the capacity of trustee; 67,340,690 shares (securities in lending pool) in the capacity of approved lending agent. 6,099,741 H Shares (short position) were held in the capacity of interest of a controlled corporation.

Save for the aforesaid shareholders, as at 31 December 2020, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to Section 336 of the SFO.



7. Changes in Shareholdings and Shareholders

4. Information on the controlling shareholder of the Company

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

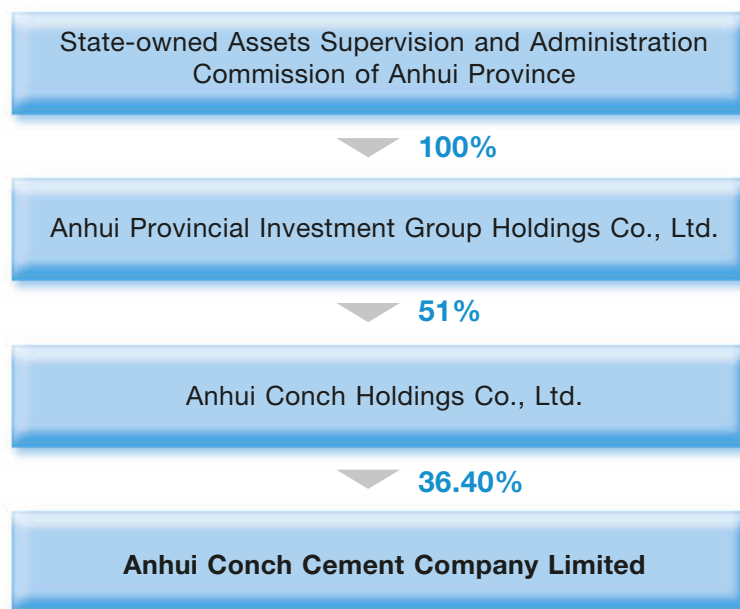
As at the end of the Reporting Period, Conch Holdings was also the controlling shareholder of Conch Profiles and Science with a direct equity shareholding of 30.63%. During the Reporting Period, there was no change in the controlling shareholder of the Company.



7. Changes in Shareholdings and Shareholders

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

Anhui Provincial Investment Group is a wholly state-owned company with limited liability under the State-owned Assets Supervision and Administration Commission of Anhui Province ("Anhui SASAC"), and accordingly, Anhui SASAC is the de facto controller of the Company. As at 31 December 2020, the shareholding relationship structure among Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:



6. Public float

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



7. Changes in Shareholdings and Shareholders

(4) PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 December 2020, neither the Company nor its subsidiaries purchased, sold or redeemed any listed shares of the Company.

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

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

(6) TRANSACTIONS IN RESPECT OF ITS OWN SECURITIES

During the year ended 31 December 2020, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at the end of the Reporting Period, the Group had no redeemable securities.

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

During the year ended 31 December 2020, holders of the Company's listed securities were not entitled to any tax relief and exemptions by virtue of their holdings of such securities under their legal status of the PRC.

8. Directors, Supervisors, Senior Management and Staff

(1) BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Existing Directors and Supervisors

Name	Position	Gender	Age	Tenure
Gao Dengbang	Chairman and Executive Director	Male	60	2 June 2016-29 May 2022
Yang Mianzhi ^(note 1)	Independent non-executive Director	Male	52	2 June 2016-3 February 2021
Leung Tat Kwong Simon	Independent non-executive Director	Male	61	2 June 2016-29 May 2022
Zhang Yunyan	Independent non-executive Director	Female	46	30 May 2019-29 May 2022
Zhang Xiaorong ^(note 2)	Independent non-executive Director	Male	53	3 February 2021-29 May 2022
Wang Jianchao	Deputy Chairman and Executive Director	Male	57	21 August 2015-29 May 2022
Wu Bin	Executive Director	Male	56	2 June 2016-29 May 2022
Li Qunfeng	Executive Director	Male	50	30 May 2019-29 May 2022
Ding Feng	Non-executive Director	Male	49	30 May 2019-29 May 2022
Wu Xiaoming	Chairman of Supervisory Committee	Male	58	10 October 2017-29 May 2022
Wang Pengfei	Supervisor	Male	59	2 June 2015-29 May 2022
Liu Tiantian	Staff Supervisor	Male	55	30 May 2019-29 May 2022

- Note:
1. Mr. Yang Mianzhi ceased to be an independent non-executive director of the Company since 3 February 2021.
 2. Upon approval at the first extraordinary general meeting of 2021 held by the Company on 3 February 2021, Mr. Zhang Xiaorong was appointed as an independent non-executive director of the eighth session of the Board of the Company. His term of office became effective from 3 February 2021 until the expiry of the term of office of the eighth session of the Board.

8. Directors, Supervisors, Senior Management and Staff

Existing Senior Management

Name	Position	Gender	Age	Date of Appointment
Wu Bin	General manager	Male	56	21 August 2015
Li Qunfeng	Deputy general manager	Male	50	23 March 2015
Li Xiaobo	Deputy general manager	Male	51	23 March 2015
Ke Qiubi	Deputy general manager	Male	58	28 June 2017
Li Leyi	Chief engineer of technical art	Male	59	26 March 2012
Yu Shui	Assistant to general manager and secretary to the Board	Male	45	27 October 2017/ 30 August 2018
Wu Tiejun	Assistant to general manager	Male	41	27 October 2017
Chiu Pak Yue, Leo	Company secretary (Hong Kong)	Male	58	29 August 2000

Information of shares of the Company held or traded by Directors, Supervisors and senior management members

Name	Position	Number of shares held as at 31 December 2019 (share)	Number of shares sold during the Reporting Period (share)	Number of shares held as at 31 December 2020 (share)
Li Xiaobo	Deputy general manager	193,000	–	193,000
Ke Qiubi	Deputy general manager	220,445	10,000	210,445

According to the shareholding reduction plan submitted by Mr. Ke Qiubi, the deputy general manager, the Company disclosed his plan to reduce shareholdings in the Company on the SSE website on 3 April 2020. Subject to strict compliance with relevant requirements under the operation rules of the SSE, Mr. Ke Qiubi sold a total of 10,000 shares of the Company during the Reporting Period and the Company fulfilled its obligation of information disclosure in a timely manner.

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

8. Directors, Supervisors, Senior Management and Staff

Information of positions held by existing Directors, Supervisors and senior management members in Conch Holdings, the controlling shareholder of the Company:

Name	Positions held in Conch Holdings	Tenure
Gao Dengbang	Chairman	From November 2015 to Present
Wang Jianchao	Director and deputy general manager	From May 2013 to Present
Li Qunfeng	Deputy director of Technology Center	From May 2016 to Present
Wu Xiaoming	Secretary of the disciplinary committee	From February 2017 to Present
Wang Pengfei	Deputy general manager	From May 2013 to Present
Ding Feng	Chief economist and deputy chief accountant	From June 2017 to Present

Information of positions held by existing Directors, Supervisors and senior management members in other entities:

Name	Positions held in other entities
Wu Xiaoming	Chairman of supervisory committee of Conch Profiles and Science
Wang Pengfei	Director of Conch Profiles and Science
Ding Feng	① Director and general manager of Conch Investment Company ② Chairman of Conch New Materials Company ③ Supervisor of Conch Profiles and Science ④ Deputy Chairman of SPIC Anhui Conch Clean Energy ⑤ Director of Anhui Guofu Industry Investment Fund Management Co., Ltd.
Li Qunfeng	① Director of Conch Investment Company ② Chairman of Wuhu Conch Trading Co., Ltd. ③ Director of Conch New Materials Company
Li Xiaobo	① Director of Conch Investment Company ② Director of SPIC Anhui Conch Clean Energy
Yu Shui	Director of Wuhu Conch Trading Co., Ltd.
Wu Tiejun	Director of Conch Design Institute
Li Leyi	Director of Shanghai Zhizhi Technology Co., Ltd.(上海智質科技有限公司)



8. Directors, Supervisors, Senior Management and Staff

BIOGRAPHY OF EXISTING DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Gao Dengbang, Chairman and an executive Director of the Company. Mr. Gao graduated from Huainan Mining Institute and also holds a doctor's degree in management from Hefei University of Technology. Since 1982, Mr. Gao had engaged in technological and corporate management work in Anhui Huaibei Mining Bureau. Since 1995, Mr. Gao had held various key managerial positions including deputy secretary and secretary of Anhui Provincial Committee of the Communist Youth League, secretary and mayor of Xuancheng Municipal Government, secretary of Wuhu Municipal Committee and director of the Standing Committee of Wuhu Municipal People's Congress. Mr. Gao has not only extensive experience in corporate management, but also the ability to lead the long-term development of local economy. Mr. Gao was also a member of the Standing Committee of the Thirteenth People's Congress of Anhui Province.

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

Mr. Wu Bin, an executive Director, general manager of the Company and senior economist. Mr. Wu graduated from Anhui Construction Engineering School, and joined the Group in 1983. Mr. Wu held various positions such as deputy head of sales department of Baimashan Cement Plant, deputy director and director of sales department of the Company, officer-in-charge of the Regional Committee in Guangxi, officer-in-charge of the Regional Committee in northern Anhui, and assistant to general manager and deputy general manager of the Company. Mr. Wu has extensive management experience in corporate management and sales marketing. Mr. Wu was also a representative of the Thirteenth People's Congress of Anhui Province.

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



8. Directors, Supervisors, Senior Management and Staff

Non-executive Director

Mr. Ding Feng, a non-executive Director of the Company and intermediate accountant. Mr. Ding graduated from Tongling College and joined the Group in 1994. He was the deputy head of finance department of Tongling Conch, financial controller of Zongyang Conch, deputy head of finance department of the Company, the officer-in-charge of the Regional Committees in Jiangxi and Guizhou and deputy general manager of the Company. He has extensive experience in finance management, corporate management and merger and acquisition of projects.

Independent non-executive Directors

Mr. Yang Mianzhi, an independent non-executive Director of the Company. Mr. Yang graduated from School of Business of China Renmin University with a doctor's degree in management. Mr. Yang is currently a member of the Steering Committee on Professional Teaching of Accounting of Higher Education Institutions under the Ministry of Education, a member of the Professional Financial Management Committee of Accounting Society of China and a national leading talent in accounting of the Ministry of Finance. Mr. Yang is the dean for School of Economics and Management of China University of Petroleum. Mr. Yang has extensive experience in corporate financial risk management and control, capital operation, performance appraisal and incentive mechanism. Mr. Yang ceased to be an independent non-executive Director of the Company from 3 February 2021 onwards.

Mr. Leung Tat Kwong Simon, an independent non-executive Director of the Company. Mr. Leung graduated from California State University, Long Beach, the US, with a bachelor of science degree in business computer method and a master's degree in business administration. He is currently the chairman of the board of i-Sprint Innovations Pte Ltd and a director or chairman of its certain subsidiaries, respectively. Mr. Leung has rich practical experience in formulating and executing corporate strategy and the merger and acquisition of projects. Mr. Leung was the managing director of the Greater China region of Sun Microsystems Inc. (a company listed on the NASDAQ (stock code: JAVA)), a director of the fifth session of board of Beijing Teamsun Technology Co., Ltd. (a company listed on the SSE (stock code: 600410)), and an executive director and chief executive officer of Automated Systems Holdings Limited (a company listed on the Stock Exchange (stock code: 771)) and adjunct professor of Zhuhai College of Beijing Institute of Technology. He is currently a director of AsiaSoft Company Limited.



8. Directors, Supervisors, Senior Management and Staff

Ms. Zhang Yunyan, an independent non-executive Director of the Company. Ms. Zhang is a Sinovation Fellow at Yale University, she obtained an Executive Master of Business Administration degree from the University of Science and Technology of China. Ms. Zhang currently serves as a senior partner and managing partner of Jincheng Tongda & Neal Law Firm (Shanghai). Ms. Zhang has extensive experience in legal services in the areas of securities and capital market, merger, acquisition and restructuring. She was awarded “ALB China Top 15 Female Lawyers for 2020” by ALB and “2020 The A-List Lawyers” by China Business Law Journal. Ms. Zhang was an independent director of each of Anhui BBKA Biochemical Co., Ltd. and Anhui Sun Create Electronics Co., Ltd. (a company listed on the main board of the SSE, stock code: 600990), and currently is also an independent director of each of Anhui Wenergy Company Limited (a company listed on the main board of the SZSE, stock code: 000543) and Jiangxi Changyuan Co., Ltd. (a company listed on the main board of the SSE, stock code: 600561).

Mr. Zhang Xiaorong, an independent non-executive Director of the Company. Mr. Zhang obtained a master's degree in business administration from Fudan University and is admitted as a certified public accountant. He previously worked in the commercial audit office of the Shanghai Municipal Audit Bureau and Shanghai Oriental Pearl (Group) Co., Ltd. and is currently the head partner and chief accountant of Shanghai Certified Public Accountants (Special General Partnership). Mr. Zhang has been working in the certified public accountant industry for more than 25 years. He has participated in hundreds of government and social audits. Mr. Zhang is relatively familiar with PRC's industrial, accounting and taxation, and corporate and commercial policies. He has rich experience in company restructuring, listing, placing of shares, acquisitions and mergers etc. Mr. Zhang is currently an independent director of Wanhua Chemical Group Co., Ltd. (a company listed on the main board of the SSE stock code: 600309). Mr. Zhang was appointed as an independent non-executive Director of the eighth session of the Board of the Company on 3 February 2021.

Supervisors

Mr. Wu Xiaoming, chairman of the Supervisory Committee of the Company. Mr. Wu graduated from Nanchang Army College, and assumed certain positions including the staff officer and deputy director of Operation Office II of Warfare Department of Nanjing Military Command, chief of staff of Anqing military division of Anhui Province, the standing committee member of Xuancheng Municipal Party Committee and the commander of the military division, as well as the standing committee member of Wuhu Municipal Party Committee and the commander of the military division. Mr. Wu joined Conch Holdings in 2017 and is currently a member of the party committee and secretary of the disciplinary committee of Conch Holdings and the chairman of the supervisory committee of Conch Profiles and Science.



8. Directors, Supervisors, Senior Management and Staff

Mr. Wang Pengfei, a Supervisor of the Company. Mr. Wang graduated from Sichuan Jiangyou Technical School and joined the Group in 1984. He held positions such as deputy plant manager of Ningguo Cement Plant, chairman of Zongyang Conch, chairman of Huaining Conch, chairman of Digang Conch, chairman of Wuhu Conch and deputy general manager of the Company, and currently also serves as the deputy general manager of Conch Holdings and a director of Conch Profiles and Science.

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

Senior Management

Mr. Li Xiaobo, deputy general manager of the Company, a senior engineer. Mr. Li graduated from Tianjin Building Materials School and joined the Group in 1990. He held various positions such as technical director of Ningguo Cement Plant, assistant to the head, deputy head and executive deputy head of equipment department of the Company, executive deputy general manager of Prosperity Conch, chairman and general manager of Chongqing Conch, chairman and general manager of Dazhou Conch, officer-in-charge of the Regional Committee in Sichuan and Chongqing, officer-in-charge of the Regional Committee in northern Anhui and assistant to general manager of the Company. He has extensive management experience in engineering technology of cement and equipment management.

Mr. Ke Qiubi, deputy general manager of the Company, senior engineer. Mr. Ke graduated from Wuhan Industrial University and joined the Group in 1986. He held various positions including the deputy head of the mining sub-plant of Ningguo Cement Plant, executive deputy general manager of Chizhou Conch, deputy general manager of Zongyang Conch, officer-in-charge of the Regional Committee in Sichuan and Chongqing, head of the mineral resources department, assistant to general manager of the Company and the officer-in-charge of the Regional Committee in Indonesia. He has rich experience in artistic and technology innovation and corporate management. Mr. Ke is now also the director of the engineering and technology department of the Company.

Mr. Li Leyi, chief engineer of technical art of the Company, senior engineer. Mr. Li graduated from Wuhan Industrial University and joined the Group in 1983. He held various positions such as plant director of the production sub-plant of Ningguo Cement Plant, deputy chief engineer of Tongling Conch, general manager of Zongyang Conch, officer-in-charge of the production coordination centre of the Company and officer-in-charge of the Regional Committee in Guizhou. He took charge of a number of technological reform projects for cement production and has extensive experience in technical art design, technology innovation, production organization and corporate management.



8. Directors, Supervisors, Senior Management and Staff

Mr. Yu Shui, assistant to general manager and secretary to the Board of the Company, assistant economist. Mr. Yu graduated from Anhui University, majoring in economics. Mr. Yu joined the Group in 1997 and has held various positions such as deputy director of the control room of the sales department, assistant to director, deputy director and executive deputy director of the sales department, executive deputy general manager of each of Bengbu Conch, Huainan Conch and Changfeng Conch, general manager of Indonesia South Conch, and deputy officer-in-charge of Regional Committee in northern Anhui. He has extensive management experience in marketing. Mr. Yu is now also the director of the Company's sales department, general manager of each of Wuxi Conch Sales Cement Co., Ltd. and Jiangbei Haizhong.

Mr. Wu Tiejun, assistant to general manager of the Company, engineer. Mr. Wu graduated from Wuhan University of Technology and joined the Group in 2001. He has held various positions such as assistant to general manager, deputy general manager, executive deputy general manager and general manager of Chizhou Conch, general manager of Prosperity Conch, and officer-in-charge of Regional Committee in Guangdong. He is well experienced in production and operation management. Mr. Wu is now also the head of the safety production and environmental protection department of the Company.

Secretaries to the Board (Company Secretaries)

Mr. Yu Shui, please refer to the biography of "Senior Management" above.

Mr. Chiu Pak Yue, Leo, the company secretary (Hong Kong) of the Company, is a Hong Kong practicing solicitor. He graduated from The University of Hong Kong. He is a partner of Chiu & Partners, Solicitors. Mr. Chiu has handled a variety of financial and commercial legal matters in Hong Kong and for multinational companies, including listing, merger and acquisition, private issuance and corporate restructuring.

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

Mr. Yang Mianzhi tendered a resignation application with the Company as an independent non-executive Director, a member (chairman) of the Audit Committee and a member of the Remuneration and Nomination Committee on 18 December 2020 due to his pursuit of other work commitments and his concerns about the possible devotion of insufficient time to the Board. His resignation took effect from 3 February 2021, where he ceased to be an independent non-executive Director, a member (chairman) of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company from 3 February 2021.

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

8. Directors, Supervisors, Senior Management and Staff

(3) LETTER OF APPOINTMENT AND INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into a service contract with each of the Directors, Supervisors and senior management. For details of the term of the service contract, please refer to the above section headed “(1) BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT”.

During the Reporting Period, none of the Directors or Supervisors or any entity which has a connection with such Director or Supervisor still has or had any material interests, either directly or indirectly, in any transaction, arrangement or contract entered into by the Company or any its subsidiaries during or subsisting at the end of the current year.

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

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

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

(4) 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 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 HKSE Listing Rules.

8. Directors, Supervisors, Senior Management and Staff

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

1. Decision-making process and basis for determining remuneration

The Remuneration and Nomination Committee under the Board is responsible for formulating the remuneration policy and the remuneration proposals of Directors and senior management of the Company with reference to its written terms of reference. The remuneration of Directors and internal Supervisors of the Company was determined and paid in accordance with the accomplishment of annual targets and works assigned and the operating performance of the Company. For details on the remuneration of senior management of the Company, please refer to the paragraph headed “(4) Establishment and Implementation of an Appraisal and Incentive Mechanism for Senior Management” under the section headed “9. Corporate Governance and Corporate Governance Report” of this annual report.

2. Remuneration received by Directors, Supervisors and senior management from the Company for the year

Remuneration of existing Directors, Supervisors and senior management for the year

		(Unit: RMB)
Name	Position	Remuneration/ allowance before-tax
Gao Dengbang	Chairman and Executive Director	0
Wang Jianchao	Deputy Chairman and Executive Director	380,267
Wu Bin	Executive Director and General manager	2,373,269
Li Qunfeng	Executive Director and Deputy general manager	2,496,973
Ding Feng	Non-executive Director	0
Yang Mianzhi	Independent non-executive Director	151,471
Leung Tat Kwong Simon	Independent non-executive Director	148,188
Zhang Yunyan	Independent non-executive Director	151,471
Wu Xiaoming	Chairman of Supervisory Committee	0
Wang Pengfei	Supervisor	0
Liu Tiantian	Staff representative Supervisor	1,870,060
Li Xiaobo	Deputy general manager	2,037,265
Ke Qiubi	Deputy general manager	2,062,924
Li Leyi	Chief engineer of technical art	2,071,235
Yu Shui	Assistant to general manager and secretary to the Board	2,017,754
Wu Tiejun	Assistant to general manager	1,848,188
Total		17,609,065

8. Directors, Supervisors, Senior Management and Staff

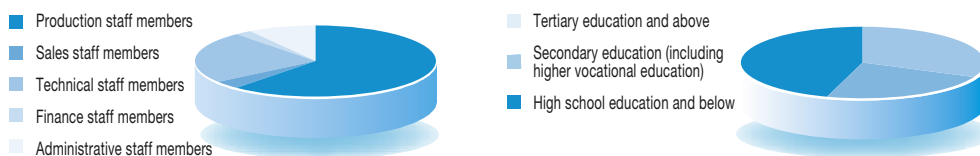
- Notes:
1. The above-mentioned annual remunerations included basic salary, bonus, housing provident fund, enterprise annuities, and various insurances paid by the individual and the Company.
 2. During the Reporting Period, Mr. Yang Mianzhi, Mr. Leung Tat Kwong Simon and Ms. Zhang Yunyan did not receive any remuneration from the Company and will not request the Company for payment of remuneration for the Reporting Period. The amounts listed in the above table are allowances paid by the Company to them.
 3. The remuneration of Mr. Wang Jianchao was evaluated by Anhui SASAC and assessed in combination with the fulfillment by Conch Holdings of its business targets. The amount listed in the above table is his remuneration received from the Company during the period from January to October 2020 and his remuneration has been paid by Conch Holdings and has not been received from the Company since November 2020.
 4. Mr. Gao Dengbang, Mr. Wu Xiaoming, Mr. Wang Pengfei and Mr. Ding Feng did not receive any remuneration from the Company.

(6) HIGHEST PAID INDIVIDUALS

During the Reporting Period, all of the five highest paid individuals of the Group are senior management members of the Company. For details of their remuneration, please refer to the above section headed “(5) Remuneration of Directors, Supervisors and Senior Management for the Year ” and note 9 to the financial statements prepared in accordance with the IFRSs in this annual report.

(7) EMPLOYEES

As at 31 December 2020, there were 47,539 staff members under the employment of the Group, of which 31,162 were production staff members, 1,561 were sales staff members, 10,508 were technical staff members, 799 were finance staff members, 3,509 were administrative and management staff members. 14,265 of them received tertiary education and above, 11,975 had secondary education (including higher vocational education), and 21,299 received high school education and below. The professional structure and education background of the employees are set out below:



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



8. Directors, Supervisors, Senior Management and Staff

During the Reporting Period, based on the training management systems at its head office, regional entities and subsidiaries, the Group continued to innovate the training type, comprehensively organised and provided multi-level and diversified training programmes, with an aim to enhance the management capability of the cadres and strengthen the professional skills of the staff. Leveraging on the external training resources, the headquarters of the Group provided off-the-job training for the cadres, thus effectively improving the massive cadres' ability in production, operation and management. At the same time, taking into full consideration of the actual business circumstances during the pandemic, the Company changed its traditional training type and organised and carried out online professional training by means of remote video. Meanwhile, efforts were made by each regional branch to strengthen trainings for middle management staff, so as to improve the professional management capability of the middle management staff. In light of the actual training needs, the subsidiaries also provided daily training for staff from different functions and departments, so as to secure adequate reserve of human resources for stable production and effective management control. In relation to the cultivation of the newly recruited talent, the Group comprehensively promoted the pre-job training mechanism for graduates from universities and colleges, and the head office and subsidiaries in various regions organized the “Conch Cement Talent Fostering Plan (海英計劃)” and “Conch Cement Star Plan (海星計劃)” a pre-job training classes for graduates from universities and colleges, which assisted the trainees to adapt to their new roles quickly, enhanced their sense of recognition and sense of belonging towards the Company.

The Company was not liable for the payment of fee of the resigned and retired employees.

(8) PENSION INSURANCE

Details of the pension insurance are set out in Note 7(b) to the financial statements prepared in accordance with the IFRSs. Contributions to retirement plans recorded in the income statement of the Group for the year ended 31 December 2020 amounted to RMB124.07 million.

(9) STAFF HOUSING

Under the relevant requirements of the PRC government, contributions based on a certain percentage of the employees' salaries shall be made by the Group to the housing provident fund. Save for the above, the Group has no other liabilities. For the year ended 31 December 2020, the total housing provident fund paid by the Group amounted to approximately RMB480.66 million.



9. Corporate Governance and Corporate Governance Report

(1) CORPORATE GOVERNANCE

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

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

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

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

In regard to the corporate governance, the Company fully applies, based on the above-mentioned levels of power structure, the principles set out in the Corporate Governance Code under Appendix 14 to the HKSE Listing Rules, and there is no material difference from the regulatory documents related to corporate governance of listed company issued by the CSRC.



9. Corporate Governance and Corporate Governance Report

(2) PROCEEDINGS OF THE GENERAL MEETING AND SUPERVISORY COMMITTEE

On 29 May 2020, the 2019 annual general meeting of the Company was held in the conference room of the Company. Except for Mr. Leung Tat Kwong Simon, an independent non-executive Director, who was unable to be present due to the prevention and control measures of the COVID-19, all the other Directors attended the meeting in person. The resolutions considered and passed at the general meeting were published on Shanghai Securities Journal and Securities Times on 30 May 2020.

The Supervisory Committee monitored the performance of duties of the Directors and senior management and the legal compliance regarding the Company's operation, and did not raise any objection in respect of the matters subject to their supervision during the Reporting Period.

(3) PERFORMANCE OF DUTIES BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the independent non-executive Directors have, in accordance with the requirements of the Articles, the Working Regulations for Independent Directors, the Terms of Reference of the Remuneration and Nomination Committee and the Terms of Reference of the Audit Committee, diligently performed their duties in line with the principles of integrity and diligence. They attended the Board meetings and shareholders' meetings convened in 2020, held various specialized committee meetings, attended on a timely basis the reporting by the Company's management on production and operations and significant events for 2020, had telephone meetings with the Chairman of the Company without the presence of other Directors to discuss the relevant issues and conducted on-site visits to the Company's production sites, participated in the major decisions made by the Company, and exercised their professional skills to provide reasonable advice and recommendations about the operations and development of the Company from their respective professional point of view, so as to lawfully safeguard the interests of the minority shareholders.

During the Reporting Period, the independent non-executive Directors have reviewed the external guarantees and connected transactions of the Company for the year ended 31 December 2020, and expressed their independent views on the above matters.

As all the three independent non-executive Directors of the Company are members of the Audit Committee, please refer to the paragraph headed "(5) Corporate Governance – 8. Audit Committee of the Board" for further information concerning the work carried out by the independent non-executive Directors in the course of preparation of this annual report.



9. Corporate Governance and Corporate Governance Report

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

In combination with the Company's development planning, the Company assesses, provides incentive for and regulates its senior management by implementing an annual remuneration system for the senior management and entering into the Annual Targets Responsibility Letter. At the beginning of the year, by combining the responsibilities and division of labour of members of senior management and members of operation teams of its subsidiaries, the Company and such personnel will enter into the Annual Targets Responsibility Letter in respect of key performance indicators such as annual production and sales volume, profit, costs, and management objectives and requirements of annual performance of duties. At the end of the year, such members of senior management and members of operation teams of its subsidiaries will be assessed by a professional comprehensive examination and performance appraisal team set up by the Company as to the review of annual business performance and the fulfillment of the key performance indicators, and the integrated appraisal of annual performance of duties of such members, who will then be awarded with annual remuneration according to the assessment results of the Annual Targets Responsibility Letter and comprehensive appraisal results.

(5) CORPORATE GOVERNANCE

1. Corporate Governance Code and Corporate Governance Report

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

2. Securities transactions by Directors

The Company has adopted a code of practice regarding Directors' securities transactions on terms no less exacting than the required standard in the Model Code as set out in Appendix 10 to the HKSE Listing Rules. Having made specific enquiries by the Company, all Directors of the Company confirmed that they have complied with the required standards set out in the Model Code and the Company's code of conduct in relation to securities transactions by Directors during the Reporting Period.

9. Corporate Governance and Corporate Governance Report

3. The Board

As at 31 December 2020, composition of the Board of the Company is as follows:

Name	Position
Gao Dengbang	Chairman and Executive Director
Wang Jianchao	Deputy Chairman and Executive Director
Wu Bin	Executive Director
Li Qunfeng	Executive Director
Ding Feng	Non-executive Director
Yang Mianzhi	Independent non-executive Director
Leung Tat Kwong Simon	Independent non-executive Director
Zhang Yunyan	Independent non-executive Director

There was no financial, business, family or other material relationship between members of the Board and between the Chairman and the chief executive officer.

During the Reporting Period, two physical meetings of the Board of the Company were held. In addition, voting on resolutions was conducted by means of telecommunication and written resolutions, with a total of 54 resolutions passed during the Reporting Period. The attendance and voting rates of the Directors during their respective terms of office are set out as follows:

Name	Attendance rate of physical meeting	Voting rate of resolutions
Gao Dengbang	100%	100%
Wang Jianchao	100%	100%
Yang Mianzhi	100%	100%
Leung Tat Kwong Simon	100%	100%
Zhang Yunyan	100%	100%
Wu Bin	100%	100%
Li Qunfeng	100%	100%
Ding Feng	100%	100%

9. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Board performed its duties and exercised its powers pursuant to Chapters 11 and 11A of the Articles, and the management performed its duties and exercised its powers pursuant to Chapter 13 of the Articles. In addition, the Board performed the functions set out in the Code Provision D.3.1. The Board convened meetings to develop, review and monitor the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, policies and practices on compliance with legal and regulatory requirements as well as compliance of the Model Code and compliance manual by the employees and Directors. Please refer to chapter 4 "Report of the Directors" of this annual report for details of the work performed by the Board, and chapter 5 "Management Discussion and Analysis on the Operations of the Group" of this annual report for details of the work performed by the management.

4. Directors' Continuous Training and Development

Directors shall participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that the Directors possess comprehensive knowledge and understand the practical circumstances when they serve the Board. The Directors are committed to complying with Code Provision A.6.5 on Directors' training.

The Company arranged proper continuous professional development trainings for the Directors by various modes and channels such as holding seminars, providing study materials, arranging the Directors to participate in seminars held by securities regulatory authorities, domestic and overseas stock exchanges, listed company associations and professional agencies, collecting and compiling market regulatory development and information on a regular basis which were sent to the Directors for reference by way of e-mail or as a report, so as to ensure that they have an understanding of the business and operation of the Company, market environment, as well as their obligations and liabilities under the listing rules, common laws and relevant regulatory requirements to fulfill their duties.

For the year ended 31 December 2020, all Directors had participated in continuous professional development training.

5. Chairman and Chief Executive Officer

Mr. Gao Dengbang and Mr. Wu Bin acted as the Chairman and the chief executive officer (i.e. the general manager) of the Company respectively.



9. Corporate Governance and Corporate Governance Report

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

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

6. Tenure of non-executive Directors and independence confirmation of independent non-executive Directors

For the tenure of the existing non-executive Directors of the Company, please refer to the section headed “(1) Basic Information of Directors, Supervisors and Senior Management” of chapter 8 “Directors, Supervisors, Senior Management and Staff” in this report.

The Company has received confirmation letters for the year from independent non-executive Directors, namely, Mr. Yang Mianzhi, Mr. Leung Tat Kwong Simon, and Ms. Zhang Yunyan, in respect of their independence pursuant to Rule 3.13 of the HKSE Listing Rules. The Company confirms their independence and is of the opinion that all independent non-executive Directors are independent.

9. Corporate Governance and Corporate Governance Report

7. Remuneration and Nomination Committee of the Board

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

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

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

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



9. Corporate Governance and Corporate Governance Report

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

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

As of the end of the Reporting Period, the Board of the Company comprised eight Directors, of whom three are independent non-executive Directors, which is characterized by significant diversity in terms of professional skills, experience, age and culture, thereby promoting critical review and control of the management process of the Company.

During the Reporting Period, the Remuneration and Nomination Committee of the Board comprised five members, namely Mr. Leung Tat Kwong Simon, Mr. Yang Mianzhi (Mr. Yang has ceased to perform his duties since 3 February 2021 and Mr. Zhang Xiaorong has served as a member of the Remuneration and Nomination Committee of the Board since 3 February 2021), Ms. Zhang Yunyan, Mr. Wang Jianchao and Mr. Wu Bin, with Mr. Leung Tat Kwong Simon acting as the chairman.

During the Reporting Period, the Remuneration and Nomination Committee of the Board held one meeting, which was attended by all of the committee members. The meeting was held on 20 March 2020, at which the committee considered and approved: (i) remuneration of the senior management of the Company for year 2019 and the remuneration appraisal targets of the senior management of the Company for year 2020; and (ii) review and endorse the current structure, number of members and composition of the Board. In 2020, no new Director was appointed.



9. Corporate Governance and Corporate Governance Report

The Remuneration and Nomination Committee of the Board reviewed the remunerations of the Directors, Supervisors and members of senior management of the Company for year 2020 and considered that their respective remunerations were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

For details of the remuneration policy of the Directors and Supervisors, please refer to the above paragraph headed “1. Decision-making process and basis for determining remuneration” in section (5) of chapter 8 “Directors, Supervisors, Senior Management and Staff” in this report.

8. Audit Committee of the Board

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

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



9. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Audit Committee under the Board of the Company comprised three members, namely Mr. Yang Mianzhi, Mr. Leung Tat Kwong Simon, and Ms. Zhang Yunyan with Mr. Yang Mianzhi acting as the chairman (Mr. Yang has ceased to perform his duties since 3 February 2021 and Mr. Zhang Xiaorong has served as the chairman of the Audit Committee under the Board since 3 February 2021).

During the Reporting Period, the Audit Committee held four meetings, all of which were attended by all of the committee members in person or by way of telephone conference. Matters discussed at each meeting were as follows:

- (1) On 15 January 2020, the Audit Committee held telephone conference to review the financial statements prepared by the Company for the year 2019 and the Company's management reported on the operation of the Company for 2019 and the arrangement on the preparation of financial report and the main issues required special attention. KPMG, auditors of the Company, reported the timetable and the main focus of their audit work for the year 2019. The Audit Committee agreed to allow the auditors to conduct field audit in the Company for the year 2019.
- (2) On 3 March 2020, the Audit Committee held telephone conference, during which KPMG reported to the Audit Committee on the progress of the auditing work, and the committee considered that the auditors would be able to complete the audit within the scheduled time frame.
- (3) On 20 March 2020, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the annual financial report for the year ended 31 December 2019 prepared in accordance with the PRC Accounting Standards and IFRSs respectively, which were agreed to be submitted to the Board for approval; (ii) the annual report, its summary and result announcement for the year 2019, which were agreed to be submitted to the Board for approval; (iii) the assessment report on internal control for the year 2019, which was agreed to be submitted to the Board for approval; (iv) the report on the connected transactions which took place in 2019; (v) the resolution regarding the provision of guarantee by the Company to its majority-owned subsidiaries and invested companies, which was agreed to be submitted to the Board for approval; and (vi) the resolution regarding the recommendation to the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company, respectively, which was agreed to be submitted to the Board for approval.

9. Corporate Governance and Corporate Governance Report

On 20 March 2020, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2019 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2019, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit work and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company, respectively, and recommended the Board to re-appoint KPMG Huazhen LLP as the internal control auditor of the Company.

- (4) On 21 August 2020, the Audit Committee held a meeting in which following resolutions were considered and approved: (i) the unaudited interim (half-yearly) financial report for the year 2020 prepared in accordance with the IFRSs and PRC Accounting Standards respectively, which were submitted to the Board for approval; and (ii) the half-yearly report for the year 2020 and its summary and the half-yearly results announcement, which were submitted to the Board for approval.

Since the commencement of the audit work in relation to the preparation of the financial report of the Company for the year ended 31 December 2020, the Audit Committee has been participating in the following aspects:

- (1) Prior to the commencement of audit work by the auditors, the Audit Committee first reviewed the 2020 financial statements prepared by the Company and agreed to allow the auditors to conduct field audit. In the course of conducting audit of annual report, the Audit Committee requested KPMG to diligently complete the audit work on the financial statements according to the work plans.
- (2) After issuance of preliminary audit opinion by the auditors, the Audit Committee reviewed the 2020 financial statements again and considered that the auditors have completed the audit work conscientiously within schedule.



9. Corporate Governance and Corporate Governance Report

- (3) On 25 March 2021, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2020 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2020, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP as the internal control auditor of the Company.

9. Auditors' Remuneration

Please refer to “(4) Auditors and remuneration” in chapter 6 “Significant Events” in this report for the remuneration of auditors appointed by the Company in 2020.

10. Directors' Responsibility for the Financial Statements

The financial report and results announcement of the Company for year 2020 have been reviewed by the Audit Committee. All the Directors of the Company agree and confirm their individual and collective responsibility for preparing the accounts as contained in the financial report for the year. The Directors are responsible for the preparation of the financial statements of the Group 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. The Directors are not aware of any uncertain events or circumstances which may cast significant doubt on the Company's ability to continue as a going concern.



9. Corporate Governance and Corporate Governance Report

11. Internal Control and Risk Management

The Company has an internal audit function. The Assessment Report on Internal Control for 2020 of the Company has been considered and approved by the Board, and was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year.

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

The Audit Committee reviewed the risk management, internal control system, internal audit function and the effectiveness of these systems and function of the Company for 2019 and 2020 on 20 March 2020 and 25 March 2021 respectively in accordance with the relevant regulations under the Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the HKSE Listing Rules as well as the Terms of Reference of the Audit Committee of the Company. The scope of review covered all material controls including financial, operational and compliance controls as well as the adequacy of resources, the qualifications and experience of the employees responsible for accounting, compliance, risk management, internal audit and financial reporting functions and their training programmes and budget. The committee also analysed and discussed with the management of the Company regarding the risk management and internal control systems, so as to keep the operation and development risk of the Company at a controllable level. The Board acknowledges its responsibility for risk management and internal control systems. The Board and the Audit Committee are of the opinion that the internal control and risk management systems of the Group are sufficient and effective.

KPMG Huazhen LLP was engaged by the Company to review the effectiveness of the internal control on financial reporting of the Group as at 31 December 2020, and has issued a standard unqualified audit report on internal control. The Audit Report on Internal Control was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year. The Company has set up the audit inspecting department which takes up the daily responsibility of internal risk control.



9. Corporate Governance and Corporate Governance Report

The Company has formulated relevant systems on inside information management, which specifies the confidentiality management of inside information, as well as filing and accountability of personnel with access to inside information. The Company regularly reminds the Directors and employees about compliance with all policies adopted by the Company regarding inside information including the Model Code set out in Appendix 10 to the HKSE Listing Rules in relation to dealings in securities of the Company.

12. Shareholders' Rights

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

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

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

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



9. Corporate Governance and Corporate Governance Report

13. Company Secretaries

Mr. Yu Shui and Mr. Chiu Pak Yue, Leo are the joint company secretaries of the Company. For further details, please refer to “(1) Basic Information of Directors, Supervisors and Senior Management” of chapter 8 “Directors, Supervisors, Senior Management and Staff” in this report. Mr. Chiu Pak Yue, Leo is the external secretary of the Company and his main contact person of the Company is Mr. Yu Shui, the company secretary.

14. Investor Relations and Communication with Shareholders

During the Reporting Period, the Company put great effort in investor relationship management, and proactively communicate with the investors by means such as convening general meetings, results presentation, site survey for investors and teleconference, so as to ensure the shareholders and investors of the Company will enjoy equal access rights to information of the Company.

In addition, our Company’s website contains corporate information, annual reports, interim reports, quarterly reports and relevant ad hoc announcements and circulars issued by the Company, through which the Company’s shareholders and investors may obtain the latest information of the Company.

During the Reporting Period, in compliance with the requirements under the Reply on the Adjustment of the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) issued by the State Council and based on the actual needs of the Company for communications with its shareholders and to better reflect the rights and obligations of the shareholders, amendments to relevant articles of the Articles were considered and approved at the 2019 annual general meeting held on 29 May 2020. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 20 March 2020 and on the website of the SSE on 21 March 2020.

10. Information on Corporate Bonds

(1) GENERAL INFORMATION ON CORPORATE BONDS

Name of Bonds	Abbreviation	Code	Issuance		Balance of Bonds (RMB billion)	Interest Rate (%)	Mode of Repayment of Principal and Interest	Stock Exchange
			Date	Maturity Date				
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02 (12海螺02)	122203	2012.11.7	2022.11.6	3.499	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE

(2) CONTACT PERSON AND CONTACT INFORMATION OF THE TRUSTEE OF THE CORPORATE BONDS AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY

Trustee of 2012 Corporate Bonds	Name	Zhong De Securities Company Limited (中德證券有限責任公司)
	Business address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Contact person	Li Xinwei (李昕蔚)
	Telephone	010-5902 6608
Credit Rating Agency of 2012 Corporate Bonds	Name	China Chengxin International Credit Rating Co., Ltd.
	Business address	60101, Building 1, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing

China Chengxin Securities Rating Company Limited ("China Chengxin Securities Rating"), the original credit rating agency for 2012 Corporate Bonds of the Company, is a wholly-owned subsidiary of China Chengxin International Credit Rating Co., Ltd. ("China Chengxin International"). During the Reporting Period, the credit rating business of corporate bonds of the Company had been taken over by China Chengxin International due to the credit rating business integration between China Chengxin Securities Rating and China Chengxin International in the securities market.

The Company has entered agreements with China Chengxin Securities Rating and China Chengxin International in relation to the change of credit rating agency for corporate bonds. As approved by the CSRC, China Chengxin International has obtained the business license for securities market credit rating, accordingly the change of the credit rating agency for corporate bonds will not affect the interests of the Company and investors.



10. Information on Corporate Bonds

(3) USE OF PROCEEDS FROM ISSUANCE OF CORPORATE BONDS

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB6.0 billion by the Company in 2012 amounted to RMB5,995.24 million. Pursuant to the purposes and application plan as stipulated in the prospectus, all the proceeds were utilized in 2013, of which RMB3.0 billion was used to replenish its working capital and RMB2,995.24 million was used to repay loans.

(4) CREDIT RATING AGENCY AND RATING TRACKING OF CORPORATE BONDS

According to the credit rating notice (Xinpingweihanzi [2020] tracking No.0169) and rating tracking report issued by China Chengxin International on 29 April 2020, by tracking and analyzing the credit rating of the Company and the Company's 2012 Corporate Bonds, and as considered and determined by the credit rating committee of China Chengxin International, China Chengxin International maintained the Company's main credit rating of AAA with stable rating outlook, and also maintained the credit rating of its 2012 Corporate Bonds of AAA. The above-mentioned rating tracking report was published on the websites of the Stock Exchange and the Company on 29 April 2020 and on the website of the SSE on 30 April 2020.

China Chengxin International will continue to conduct rating tracking on the Company and its corporate bonds based on the performance of the Company during the Reporting Period, and expect to issue the rating reports in April 2021, which will then be published on the websites of the SSE, the Stock Exchange, and the Company.

(5) CREDIT ENHANCEMENT MECHANISM AND DEBT REPAYMENT PLAN IN RELATION TO THE CORPORATE BONDS FOR THE REPORTING PERIOD

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2012 Corporate Bonds issued by the Company. As of 31 December 2020, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB8.735 billion (including the guarantee provided for the corporate bonds issued by the Company in an amount of RMB3.499 billion), representing 13.90% of the unaudited net assets (excluding minority interests) of Conch Holdings as at 31 December 2020.

The debt repayment plan for the 2012 Corporate Bonds with a maturity of ten years issued by the Company is as follows:



10. Information on Corporate Bonds

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

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

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2012 Corporate Bonds of the Company, for the year 2020 are as follows:

Items	31 December 2020
Net assets (RMB billion)	180.104
Gearing ratio (%)	26.61
Return on net assets (%)	22.31
Current ratio (%)	289.54
Quick ratio (%)	259.49

(6) MEETINGS OF CORPORATE BOND HOLDERS

During the Reporting Period, the Company did not convene any meeting of corporate bond holders.

(7) PERFORMANCE OF THE TRUSTEE OF THE CORPORATE BONDS

During the Reporting Period, Zhong De Securities Company Limited respectively disclosed the Trustee Report on the 2012 Corporate Bonds of Anhui Conch Cement Company Limited (2019) in April 2020, which mainly contained the information regarding the operation and financial position of the issuer for the year, utilization of the proceeds, credibility of the guarantor for the corporate bonds, interest payment of the bonds for the current period and the rating tracking of the bonds.

10. Information on Corporate Bonds

(8) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST TWO YEARS UP TO THE END OF THE REPORTING PERIOD

Major indicators	31 December 2020	31 December 2019	Year-on-year change between 2020 and 2019 (%)	Reason for the change
Net cash flow generated from investing activities (RMB'000)	-26,772,879	-20,688,848	-29.41	Fixed term deposits with a maturity of over three months and wealth management funds did not expire
Net cash flow generated from financing activities (RMB'000)	-13,262,021	-7,911,895	-67.62	Year-on-year increase in cash dividend paid to the shareholders for the previous year
Balance of cash and cash equivalents at the end of the year (RMB'000)	16,676,384	22,014,145	-24.25	Increase in external investment amount of the Company
Current ratio (%)	466.41	354.14	Increased by 112.27 percentage points	Increase in current assets such as currency capital and held-for-trading financial assets
Quick ratio (%)	437.51	333.82	Increased by 103.69 percentage points	Increase in current assets such as currency capital and held-for-trading financial assets
Gearing ratio (%)	16.30	20.39	Decreased by 4.09 percentage points	Increase in total assets
EBITDA/total debts ratio	1.62	1.38	17.30	Year-on-year increase in total profits
Loan repayment rate (%)	100	100	-	-

Major indicators	2020	2019	Year-on-year change between 2020 and 2019 (%)	Reason for the change
Profit before interests, taxation, depreciation and amortization (RMB'000)	52,984,256	50,273,816	5.39	Year-on-year increase in total profits
Interest coverage ratio	103.30	100.66	2.63	Year-on-year increase in total profits
Cash interest coverage ratio	75.57	91.12	-17.06	Year-on-year decrease in net cash flow generated from operating activities
EBITDA interest coverage ratio	115.06	112.44	2.33	Year-on-year increase in total profits
Interest payment ratio (%)	100	100	-	-



10. Information on Corporate Bonds

(9) ASSETS OF THE COMPANY AT THE END OF THE REPORTING PERIOD

As at the end of the Reporting Period, no other assets of the Company were charged, pledged, distressed, frozen or only can be realized upon satisfaction of certain conditions or cannot be realized or used to settle debts, nor did there exist any circumstance or arrangement under which other rights were restricted. There were not any other senior debts that have defensive power against a third party.

(10) PAYMENT OF INTERESTS PAYABLE ON OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Other than the 2012 Corporate Bonds and the 2011 Corporate Bonds of Anhui Conch Cement Company Limited which had been fully paid and delisted in 2018, the Company did not have any other bonds and debt financing instruments.

(11) BANK FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the facilities granted to the Company by all the banks in aggregate amounted to RMB46,306 million (including RMB41,678 million and US\$709 million) of which an aggregate amount of RMB6,878 million (including RMB5,740 million and US\$174 million) was drawn and an aggregate amount of RMB39,428 million (including RMB35,938 million and US\$535 million) remained unutilized. During the Reporting Period, the Company obtained new bank loans in an aggregate amount of RMB4,829 million according to the needs for the operation and development of the Company, and repaid bank loans of RMB6,194 million.

(12) PERFORMANCE OF THE AGREEMENTS OR UNDERTAKINGS UNDER THE PROSPECTUS OF CORPORATE BONDS BY THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, there was no breach of terms of the prospectus of corporate bonds by the Company.

(13) SIGNIFICANT EVENTS AND THEIR IMPACTS ON THE OPERATION AND SOLVENCY OF THE COMPANY

During the Reporting Period, the Company did not have any significant events which might impact the operation and solvency of the Company.

11. INDEPENDENT AUDITOR'S REPORT



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

OPINION

We have audited the consolidated financial statements of Anhui Conch Cement Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 135 to 314, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

11. INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Revenue recognition

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

The Key Audit Matter	How the matter was addressed in our audit
<p>The principal activities of the Group are the manufacture, sale and trading of clinker and cement products.</p> <p>The Group recognised revenue from the sales and trading of clinker and cement products of RMB147,953,689 thousand for the year ended 31 December 2020.</p> <p>Revenue from sales and trading of clinker and cement products is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products leave the Group's own warehouses or designated warehouses in accordance with the terms of the sales contracts. In respect of the trading business, the Group acts as a principal, and presents revenue on a gross basis.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;• inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;• understanding the Group's business substance of trading business and inspecting supplier and customer contracts, on a sample basis, to identify terms and conditions relating to the Group's control over the products purchased before sales recognition and assess the Group's justification of presenting the related revenue on a gross basis with reference to the requirements of prevailing accounting standards;

11. INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

11. INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

11. INDEPENDENT AUDITOR'S REPORT

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

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

11. INDEPENDENT AUDITOR'S REPORT

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

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

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

25 March 2021

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

Consolidated statement of profit or loss for the year ended 31 December 2020

(Expressed in Renminbi Yuan ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Revenue	5	176,242,682	157,030,328
Cost of sales and services rendered		(126,100,500)	(106,124,123)
Gross profit		50,142,182	50,906,205
Other revenue	6	4,852,037	3,316,740
Other net income	6	766,457	491,044
Selling and marketing costs		(4,123,287)	(4,416,575)
Administrative expenses		(4,851,418)	(6,109,168)
Profit from operations		46,785,971	44,188,246
Finance costs	7(a)	(446,777)	(446,008)
Share of profits of an associate		377,264	381,610
Share of profits of joint ventures		427,223	472,013
Profit before taxation	7	47,143,681	44,595,861
Income tax	8(b)	(10,737,738)	(10,204,839)
Profit for the year		36,405,943	34,391,022

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of profit or loss for the year ended 31 December 2020 (continued)

(Expressed in Renminbi Yuan ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Attributable to:			
Equity shareholders of the Company		35,163,538	33,629,803
Non-controlling interests		1,242,405	761,219
Profit for the year		36,405,943	34,391,022
Earnings per share	12		
– Basic		RMB6.64	RMB6.35
– Diluted		RMB6.64	RMB6.35

The notes on pages 146 to 314 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 40(b).

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

(Expressed in Renminbi Yuan ("RMB"))

	Note	2020 RMB'000	2019 RMB'000
Profit for the year		36,405,943	34,391,022
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)		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

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 (continued)

(Expressed in Renminbi Yuan ("RMB"))

Note	2020 RMB'000	2019 RMB'000
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

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of financial position

(Expressed in Renminbi Yuan)

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
– Investment properties	13		84,159		85,734
– Other property, plant and equipment	14		72,752,905		70,163,505
Intangible assets	15		8,496,930		5,048,093
Goodwill	16		576,042		514,398
Interests in an associate	18		2,370,857		2,057,501
Interests in joint ventures	19		1,852,183		1,763,112
Loans and receivables	20		459,716		374,312
Long-term prepayments	21		31,366		133,000
Financial assets measured at FVOCI	22		391,241		326,096
Deferred tax assets	39(b)		851,777		1,099,391
			87,867,176		81,565,142
Current assets					
Inventories	23		7,001,615		5,571,523
Assets held for sale	24		–		9,811
Trade and bills receivables	25		10,888,831		12,995,665
Financial assets measured at fair value through profit and loss (FVPL)	26		26,882,714		16,782,737
Prepayments and other receivables	27		5,802,159		6,495,639
Amounts due from related parties	28		292,154		347,819
Tax recoverable	39(a)		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	29		16,676,384		22,014,145
			113,105,582		97,212,040

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade payables	30	4,565,797		7,145,833	
Other payables and accruals	31	7,429,267		8,248,581	
Current portion of long-term payables	37	519,477		437,358	
Contract liabilities	32	4,237,555		3,492,486	
Bank loans and other borrowings	33	3,109,211		3,917,815	
Lease liabilities	36	17,107		20,275	
Amounts due to related parties	28	383,924		263,521	
Current taxation	39(a)	3,960,783		3,895,321	
			24,223,121		27,421,190
Net current assets			88,882,461		69,790,850
Total assets less current liabilities			176,749,637		151,355,992
Non-current liabilities					
Bank loans and other borrowings	34(a)	6,808,050		7,369,346	
Lease liabilities	36	23,323		34,833	
Long-term payables	37	397,439		458,132	
Deferred income	38	686,349		639,134	
Deferred tax liabilities	39(b)	771,567		723,773	
			8,686,728		9,225,218
NET ASSETS			168,062,909		142,130,774

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES					
Share capital	40(c)	5,299,303		5,299,303	
Reserves		156,381,492		131,887,099	
Total equity attributable to equity shareholders of the Company		161,680,795		137,186,402	
Non-controlling interests		6,382,114		4,944,372	
TOTAL EQUITY		168,062,909		142,130,774	

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

Gao DengBang
Director

Wu Bin
Director

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	5,299,303	10,135,850	227,196	(30,764)	2,649,654	156,833	17,442	118,730,888	137,186,402	4,944,372	142,130,774
Changes in equity for 2020:											
Profit for the year	-	-	-	-	-	-	-	35,163,538	35,163,538	1,242,405	36,405,943
Other comprehensive income	11	-	-	(185,216)	-	110,949	7,283	-	(66,984)	(28,409)	(95,393)
Total comprehensive income	-	-	-	(185,216)	-	110,949	7,283	35,163,538	35,096,554	1,213,996	36,310,550
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(374,763)	(374,763)
Dividends approved in respect of the previous year	40(b)(ii)	-	-	-	-	-	-	(10,598,605)	(10,598,605)	-	(10,598,605)
Capital contribution received from non-controlling interests	-	-	-	-	-	-	-	-	-	342,200	342,200
Acquisition of subsidiary with non-controlling interests	4	-	-	-	-	-	-	-	-	336,988	336,988
Acquisition of non-controlling interests without a change in control	-	(15,414)	-	-	-	-	-	-	(15,414)	(19,915)	(35,329)
Liquidation of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(60,764)	(60,764)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	-	-	-	-	-	(57,299)	-	57,299	-	-	-
Share of change of capital reserve of investees	-	-	11,858	-	-	-	-	-	11,858	-	11,858
Balance at 31 December 2020	5,299,303	10,120,436	239,054	(215,980)	2,649,654	210,483	24,725	143,353,120	161,680,795	6,382,114	168,062,909

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated statement of changes in equity for the year ended 31 December 2020 (continued)

(Expressed in Renminbi Yuan)

Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained Profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019	5,299,303	10,135,850	224,624	(57,280)	2,649,654	160,103	7,428	94,056,906	112,476,588	3,712,595	116,189,183
Changes in equity for 2019:											
Profit for the year	-	-	-	-	-	-	-	33,629,803	33,629,803	761,219	34,391,022
Other comprehensive income	11	-	-	26,516	-	(3,270)	10,014	-	33,260	5,300	38,560
Total comprehensive income	-	-	-	26,516	-	(3,270)	10,014	33,629,803	33,663,063	766,519	34,429,582
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(292,855)	(292,855)
Dividends approved in respect of the previous year	40(b)(ii)	-	-	-	-	-	-	(8,955,821)	(8,955,821)	-	(8,955,821)
Capital contribution received from non-controlling interests	-	-	-	-	-	-	-	-	-	758,113	758,113
Share of change of capital reserve of investees	-	-	2,572	-	-	-	-	-	2,572	-	2,572
Balance at 31 December 2019	5,299,303	10,135,850	227,196	(30,764)	2,649,654	156,833	17,442	118,730,888	137,186,402	4,944,372	142,130,774

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

	Note	2020		2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
Cash generated from operations	29(b)	45,347,699		51,057,636	
Income tax paid		(10,550,486)		(10,319,431)	
Interest paid		(405,658)		(428,984)	
Net cash generated from operating activities			34,391,555		40,309,221
Investing activities					
Payment for the purchase of property, plant and equipment		(6,374,555)		(7,991,394)	
Proceeds from disposal of property, plant and equipment		889,695		170,431	
Proceeds from disposal of assets held for sale		-		52,829	
Payment for the purchase of intangible assets		(3,595,633)		(882,725)	
New advances to government		(120,204)		(202,142)	
Receipts of advances to government		15,000		21,524	
New bank deposits with maturity over three months		(36,457,306)		(47,003,257)	
Proceeds from maturity of bank deposits over three months		24,000,000		42,003,257	
Interest received		2,214,085		1,303,087	
Proceeds from disposal of the investment in an associate		-		51,327	
Proceeds from capital reduction of a joint venture		79,798		-	
Disposal of a subsidiary, net of cash		-		(4,376)	
Payment for the investment in joint ventures		(2,143)		(13,461)	
Dividends received from joint ventures		261,761		131,518	
Dividends received from an associate		72,297		57,378	
Payment for acquisitions of subsidiaries		(590,370)		(139,670)	
Payment for investment deposit		-		(123,000)	
Payment for purchase of wealth management products issued by bank		(28,500,000)		(24,000,000)	
Receipts from wealth management products issued by bank		20,500,000		15,500,000	
Receipts from investment income on wealth management products issued by bank		771,010		379,826	
Proceeds from the sale of financial assets measured at FVOCI		63,687		-	
Net cash used in investing activities			(26,772,878)		(20,688,848)

The notes on pages 146 to 314 form part of these financial statements.

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

Consolidated cash flow statement for the year ended 31 December 2020 (continued)

(Expressed in Renminbi Yuan)

	Note	2020		2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Financing activities					
Capital element of lease rentals paid	29(c)	(20,425)		(17,313)	
Proceeds from new bank loans and other borrowings	29(c)	4,829,438		5,697,238	
Repayment of bank loans and other borrowings	29(c)	(6,193,574)		(4,665,132)	
Dividends paid to non-controlling interests	29(c)	(374,763)		(292,855)	
Dividends paid to equity shareholders of the Company	40(b)	(10,598,605)		(8,955,821)	
Capital contribution from non-controlling interests		342,200		758,113	
Other payments related to financing activities	29(c)	(805,307)		(7,141)	
Acquisition of non-controlling interests without a change in control		(35,329)		-	
Net cash used in financing activities			(12,856,365)		(7,482,911)
Net (decrease)/increase in cash and cash equivalents			(5,237,688)		12,137,462
Effect of foreign exchange rate changes			(100,073)		19,011
Cash and cash equivalents at 1 January	29(a)		22,014,145		9,857,672
Cash and cash equivalents at 31 December	29(a)		16,676,384		22,014,145

The notes on pages 146 to 314 form part of these financial statements.

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

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

1 GENERAL INFORMATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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 (see note 2(g));
- bank acceptance notes receivable measured at FVOCI (recycling) (see note 2(g)(i)); and
- derivative financial instruments (see note 2(h))

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

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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.

(d) 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 statements 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 statements. 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

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 obligation towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2 (s) or 2 (t) 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 (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

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

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and 2(n)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (Continued)

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

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(n)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(bb)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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(n)).

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.

(g) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 41(f). These investments are subsequently accounted for as follows, depending on their classification.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities (Continued)

(i) Investments other than equity investments

Non-equity investments held by the Group 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(x)(v)).
- 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 recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(x)(iv).

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(m)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss arising from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(x)(iii). Depreciation is calculated to write off the cost of investment property, less their estimated residual value, using the straight-line method over their estimated useful lives as follows:

- Buildings 30 years

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(m)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(m).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(n)):

- right-of-use assets arising from leases over leasehold properties and lease prepayments for land use rights where the Group is not the registered owner of the property interest; and

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (Continued)

- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(m)).

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(aa)).

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.

Freehold land is not depreciated. Other than freehold land, 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:

– Buildings	30 years
– Plant and machinery	15 years
– Office and other equipment	5 years
– Vehicles	5 – 10 years
– Land use rights (including acquired or leased land use rights)	29 – 50 years
– Other properties leased for own use	1 – 4 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Construction-in-progress

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

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

(l) 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(n)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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:

Limestone and clay mining rights	5 – 30 years
Others	5 – 50 years

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets (other than goodwill)

Both the period and method of amortisation are reviewed annually.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(aa)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(n)). Other development expenditure is recognised as an expense in the period in which it is incurred.

(m) 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (Continued)

(i) As a lessee (Continued)

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 land, office buildings, and cement transfer storages. 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 is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(j) and 2(n)(iii)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (Continued)

(i) As a lessee (Continued)

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 any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

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

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

(n) Credit losses and Impairment of assets

(i) Credit losses from financial instruments and contract assets

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, 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 receivables, prepayments and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

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

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

Measurement of ECLs (Continued)

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

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 (i) 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); or (ii) the financial asset is 90 days past due. 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

Significant increases in credit risk (Continued)

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, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(x)(v) 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

Basis of calculation of interest income (Continued)

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

(ii) Credit losses from financial guarantees issued

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

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

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 2(x)(vii)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “other payables and accruals” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

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

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

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

(iii) 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, including right-of-use assets;
- intangible assets
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position, and investments in associates and joint ventures in the Group's statement of financial position.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

(iii) Impairment of other non-current assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, 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).

– 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).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and Impairment of assets (Continued)

(iii) Impairment of other non-current assets (Continued)

- 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.

(iv) Interim financial reporting and impairment

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories and other contract costs

(i) Inventories

Inventories, other than spare parts and consumables, 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, cost 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.

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

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(o)(i)), property, plant and equipment (see note 2(j)) or intangible assets (see note 2(l)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories and other contract costs (Continued)

(ii) Other contract costs (Continued)

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(x).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories and other contract costs (Continued)

(ii) Other contract costs (Continued)

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

(p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(x)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(n)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(q)).

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

For a single contract with the customer, either a net contract asset or 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(x)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Trade and bills receivables 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 (see note 2(p)).

Except for certain bank acceptance notes receivable measured at FVOCI (see note 2(g)(i)), receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(n)(i)).

(r) 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 expected credit losses (ECL) in accordance with the policy set out in note 2(n)(i).

(s) Trade payables, other payables and accruals

Trade payables, other payables and accruals are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(n)(ii), trade payables, other payables and accruals are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) 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(aa)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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) *Defined contribution retirement plan obligations*

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

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

(iii) *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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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 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.

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Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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 each end of 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.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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 Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (Continued)

- in the case of current tax assets and liabilities, the Group or the Company 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.

(w) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue recognition

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

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, 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.

(i) Sale of goods

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

(ii) Rendering of services

Revenue for rendering of services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customer simultaneously receives the benefits provided by the Group's performance as the Group performs.

(iii) Rental income

Rental income receivable is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Revenue recognition (Continued)

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, 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 the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(n)(i)).

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognition in other revenues.

(vii) Income from financial guarantees issued

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Repairs and maintenance

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

(z) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) 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 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 expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use 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 are interrupted or complete.

(bb) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(cc) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(cc) Related parties (Continued)

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(dd) Segment reporting

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

Notes 16 and 41(f) contain information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Impairment for non-current assets*

If circumstances indicate that the carrying amount of a non-current asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in accordance with IAS 36, *Impairment of Assets*. The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group’s assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price and amount of operating costs.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Sources of estimation uncertainty (Continued)

(ii) Depreciation and amortisation

As described in note 2(i) and note 2(j), investment properties and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. As described in note 2(l), 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. 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 and competitor actions in response to industry cycles. Management measures these estimates at each statement of financial position date.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Sources of estimation uncertainty (Continued)

(iv) *Loss allowance for expected credit losses*

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

(v) *Recognition of deferred tax assets*

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION

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

Name of the company	Voting rights/ effective equity interests	Date of acquisition	Principal activities
Wuhu South Cement 蕪湖南方水泥有限公司	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)
Total net identifiable assets of the acquiree	687,730

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

4 BUSINESS COMBINATION (CONTINUED)

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)
Goodwill arising from the above acquisition	61,644

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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing, sale and trading of clinker and cement products. 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 RMB'000	2019 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
	176,242,682	157,030,328
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
	176,242,682	157,030,328

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

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

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

(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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities

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 ("MOF") of the PRC. Segment liabilities include all liabilities in the financial statements prepared in accordance with CAS.

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

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

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

For the year ended 31 December 2020

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

For the year ended 31 December 2019

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

For the year ended 31 December 2019

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

	2020 RMB'000	2019 RMB'000
Revenue		
Reportable segment revenue	176,242,682	157,030,328
Consolidated revenue	176,242,682	157,030,328
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	47,143,681	44,595,861
Assets		
Reportable segment assets	200,972,758	178,777,182
Consolidated total assets	200,972,758	178,777,182

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

	2020 RMB'000	2019 RMB'000
Liabilities		
Reportable segment liabilities	32,755,939	36,456,734
Difference between CAS and IFRS*	153,910	189,674
Consolidated total liabilities	32,909,849	36,646,408

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(iii) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2020	2019	2020	2019
	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
	176,242,682	157,030,328	86,749,919	80,242,091

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

6 OTHER REVENUE AND NET INCOME

	2020 RMB'000	2019 RMB'000
Other revenue		
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	700,242	326,716
	4,852,037	3,316,740

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

	2020 RMB'000	2019 RMB'000
Other net income		
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 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
	766,457	491,044

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION

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

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

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

	2020 RMB'000	2019 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
	7,547,306	7,448,895

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

	Note	2020 RMB'000	2019 RMB'000
(c) Other items			
Amortisation			
– intangible assets	15	303,860	203,535
Depreciation			
– investment properties	13	3,464	2,979
– property, plant and equipment	14	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	14	–	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*	23(b)	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 7(b) for each of these types of expenses.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	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)
	10,556,982	10,091,808
Deferred tax		
Origination and reversal of temporary differences	180,756	113,031
	10,737,738	10,204,839

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Tongren Conch Panjiang Cement Co., Ltd. (“Tongren Conch”) 銅仁海螺盤江水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. (“Liukuangruian”) 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. (“Qianxian Conch”) 乾縣海螺水泥有限責任公司 (Note (i))	15%
Qianxinan Resource Development Co., Ltd. (“Qianxinan”) 黔西南州發展資源開發有限公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. (“Nanwei Cement”) 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (“Zhuangxiang Conch”) 雲南壯鄉水泥股份有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. (“Liangping Conch”) 梁平海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (“Jinlinghe”) 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (“Fenghuangshan”) 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (“Lingyun Tonghong”) 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. (“Baoshan Conch”) 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. (“Ganzhou Conch”) 贛州海螺水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (“Yingjiangyunhan”) 盈江縣允罕水泥有限責任公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. (“Kunming Conch”) 昆明海螺水泥有限公司 (Note (i))	15%

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Shaanxi Tongchuan Fenghuang Construction Co., Ltd. ("Fenghuang Construction") 陝西銅川鳳凰建材有限公司 (Note (i))	15%
Chongqing Material Trading Co., Ltd. ("Chongqing Trading") 重慶海螺物資貿易有限責任公司 (Note (i))	15%
Tongchuan Conch New Material Co., Ltd. ("Tongchuan New Material") 銅川海螺新材料有限責任公司 (Note (i))	15%
Basu Conch Cement Co., Ltd. ("Basu Conch") 八宿海螺水泥有限責任公司 (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. ("Conch Construction") 安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") 安徽海螺暹羅耐火材料有限公司 (Note (ii))	15%

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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

Subsidiaries' Name	Tax rates
Conch International Holding (HK) Co., Ltd. ("Conch International"), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") and Vientiane Conch Cement Co., Ltd. ("Vientiane Conch"), subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company ("Volga Conch"), 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 ("Qarshi Conch"), a subsidiary in Uzbekistan	7.5%
Conch KT Cement (Phnom Penh) Company Limited ("Phnom Penh Conch"), 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

	2020 RMB'000	2019 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2020 Total RMB'000
Chairman					
Gao Dengbang*	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao	-	358	-	22	380
Executive directors					
Wu Bin	-	965	1,391	17	2,373
Li Qunfeng	-	1,293	1,167	37	2,497
Non-executive director					
Ding Feng *	-	-	-	-	-
Independent non-executive directors					
Yang Mianzhi (resigned on 3 Feb 2021)	151	-	-	-	151
Leung Tat Kwong Simon	148	-	-	-	148
Zhang Yunyan	151	-	-	-	151
Supervisors					
Wang Pengfei*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	742	1,111	17	1,870
	450	3,358	3,669	93	7,570

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2019 Total RMB'000
Chairman					
Gao Dengbang*	-	-	-	-	-
Vice chairman and Executive director					
Wang Jianchao	-	464	289	65	818
Executive directors					
Wu Bin	-	873	1,245	44	2,162
Li Qunfeng (appointed on 30 May 2019)	-	774	1,116	47	1,937
Ding Feng (resigned on 30 May 2019) *	-	-	-	-	-
Non-executive director					
Ding Feng (appointed on 30 May 2019) *	-	-	-	-	-
Independent non-executive directors					
Yang Mianzhi	141	-	-	-	141
Leung Tat Kwong Simon	133	-	-	-	133
Zhang Yunyan (appointed on 30 May 2019)	141	-	-	-	141
Tai Kwok Leung (resigned on 30 May 2019)	-	-	-	-	-
Supervisors					
Wang Pengfei*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Wang Chunjian (resigned on 30 May 2019) *	-	-	-	-	-
Liu Tiantian (appointed on 30 May 2019)	-	747	1,042	44	1,833
	415	2,858	3,692	200	7,165

* No remuneration is paid or payable by the Group for the year ended 31 December 2020 and 2019 as their remunerations are paid by Conch Holdings. In addition, no remuneration is due to these directors and supervisors in respect of their services in connection with the management of the affairs of the Group.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2019: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2019: three) individuals are as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other emoluments	2,508	2,247
Discretionary bonuses	3,612	3,191
Retirement plan contributions	51	132
	6,171	5,570

The emoluments of the three (2019: three) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HKD2,000,001 – HKD2,500,000	3	3

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME

(a) Tax effects relating to each component of other comprehensive income

	2020			2019		
	Before-tax amount RMB'000 (Note 39(b))	Tax benefit RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000 (Note 39(b))	Tax benefit RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	(213,625)	-	(213,625)	31,816	-	31,816
Equity investments measured at FVOCI:						
Movement in fair value reserve (non-recycling) (Note (b))	128,832	(17,883)	110,949	(4,360)	1,090	(3,270)
Share of investees' other comprehensive income	7,283	-	7,283	10,014	-	10,014
Other comprehensive income	(77,510)	(17,883)	(95,393)	37,470	1,090	38,560

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

11 OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Components of other comprehensive income, including reclassification adjustments

	2020 RMB'000	2019 RMB'000
Equity investments measured at FVOCI:		
Changes in fair value recognised during the year	128,832	(4,360)
Tax effect of changes in fair value recognised during the year	(17,883)	1,090
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	110,949	(3,270)

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES

	RMB'000
Cost:	
At 1 January 2019	79,432
Transfer from property, plant and equipment	26,843
Disposal of an investment property	(2,735)
At 31 December 2019 and 1 January 2020	103,540
Transfer from property, plant and equipment	2,697
At 31 December 2020	106,237
Accumulated depreciation:	
At 1 January 2019	14,482
Transfer from property, plant and equipment	1,111
Charge for the year	2,979
Transfer to property, plant and equipment	(766)
At 31 December 2019 and 1 January 2020	17,806
Transfer from property, plant and equipment	808
Charge for the year	3,464
At 31 December 2020	22,078
Net book value:	
At 31 December 2020	84,159
At 31 December 2019	85,734

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

13 INVESTMENT PROPERTIES (CONTINUED)

During the year ended 31 December 2020, the Group additionally leased out five properties (2019: four properties) with carrying value of RMB1,889,000 (2019: RMB25,732,000) under operating lease and classified the properties as investment properties accordingly. The investment properties are subsequently measured using the cost model.

The investment properties are valued by management to be RMB95,163,000 as at 31 December 2020 (2019: RMB91,447,000) using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

The rental income earned by the Group during the year from its investment properties amounted to RMB6,439,000 (2019: RMB8,719,000). Direct operating expenses arising from the investment properties amounted to RMB3,464,000 (2019: RMB2,979,000).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of- use assets- land use rights RMB'000	Right-of- use assets- other properties RMB'000	Total RMB'000
Cost:								
At 1 January 2019	42,667,215	54,922,157	832,329	2,010,274	3,329,076	6,072,054	48,227	109,881,332
Additions	26,509	817,338	159,865	196,273	6,602,375	200,716	14,590	8,017,666
Transfer from/(out) construction-in-progress	1,919,759	1,768,601	14,836	-	(3,741,144)	37,948	-	-
Transfer out to intangible assets	-	-	-	-	(43,480)	-	-	(43,480)
Disposals	(85,171)	(722,416)	(80,448)	(149,845)	-	(23,114)	(936)	(1,061,930)
Transfer to investment properties	(26,843)	-	-	-	-	-	-	(26,843)
At 31 December 2019	44,501,469	56,785,680	926,582	2,056,702	6,146,827	6,287,604	61,881	116,766,745
At 1 January 2020	44,501,469	56,785,680	926,582	2,056,702	6,146,827	6,287,604	61,881	116,766,745
Additions								
Impact of exchange rate changes	(283,313)	(254,332)	(7,195)	(1,731)	-	-	-	(546,571)
Transfer from/(out) construction-in-progress	3,522,387	3,694,102	24,598	-	(7,241,087)	-	-	-
Increase through business combination not under common control	491,797	423,838	100	689	203,099	63,641	-	1,183,164
Additions	222,735	782,532	173,709	253,717	5,511,003	445,972	5,103	7,394,771
Transfer from/(out) to intangible assets	-	-	-	-	(56,072)	5,502	-	(50,570)
Disposals	(528,153)	(1,060,235)	(34,217)	(94,523)	-	(74,834)	(12,924)	(1,804,886)
Transfer to investment properties	(2,697)	-	-	-	-	-	-	(2,697)
Others	-	-	-	-	-	7,627	-	7,627
At 31 December 2020	47,924,225	60,371,585	1,083,577	2,214,854	4,563,770	6,735,512	54,060	122,947,583

Note: As at 31 December 2020, no property, plant and equipment was pledged (2019: none).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (Continued)

	Freehold land, plant and buildings RMB'000	Machinery RMB'000	Office and other equipment RMB'000	Vehicles RMB'000	Construction- in-progress RMB'000	Right-of- use assets- land use rights RMB'000	Right-of- use assets- other properties RMB'000	Total RMB'000
Accumulated depreciation and impairment:								
At 1 January 2019	10,673,056	27,276,022	593,166	1,569,268	2,853	1,035,552	-	41,149,917
Charge for the year	1,443,309	3,246,523	71,435	146,406	-	136,207	20,569	5,064,449
Impairment loss	774,562	385,437	1,351	2,860	-	-	-	1,164,210
Written back on disposals	(42,093)	(527,335)	(75,917)	(124,920)	-	(3,024)	(936)	(774,225)
Transfer to investment properties	(1,111)	-	-	-	-	-	-	(1,111)
At 31 December 2019	12,847,723	30,380,647	590,035	1,593,614	2,853	1,168,735	19,633	46,603,240
At 1 January 2020	12,847,723	30,380,647	590,035	1,593,614	2,853	1,168,735	19,633	46,603,240
Impact of exchange rate changes	(25,142)	(36,513)	(2,338)	(3,515)	-	-	-	(67,508)
Charge for the year	1,470,201	3,273,686	96,263	121,812	-	141,754	18,523	5,122,239
Reversal of impairment loss due to disposal	(246,837)	(129,829)	(145)	(14)	-	-	-	(376,825)
Written off on disposals	(174,770)	(762,345)	(31,288)	(86,379)	-	(18,335)	(12,924)	(1,086,041)
Transfer to investment properties	(808)	-	-	-	-	-	-	(808)
Others	-	-	-	-	-	381	-	381
At 31 December 2020	13,870,367	32,725,646	652,527	1,625,518	2,853	1,292,535	25,232	50,194,678
Net book value:								
At 31 December 2020	34,053,858	27,645,939	431,050	589,336	4,560,917	5,442,977	28,828	72,752,905
At 31 December 2019	31,653,746	26,405,033	336,547	463,088	6,143,974	5,118,869	42,248	70,163,505

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
Land use rights carried at depreciated cost	(i)	5,442,977	5,118,869
Other properties leased for own use, carried at depreciated cost	(ii)	28,828	42,248
		5,471,805	5,161,117

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

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	141,754	136,207
Other properties leased for own use	18,523	20,569
	160,277	156,776

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (Continued)

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	2,353	2,798
Expense relating to short-term leases	10,828	4,956
Variable lease payments not included in the measurement of lease liabilities	7,191	3,981

Notes:

(i) *Land use rights*

All lands in the PRC are state-owned or collectively owned and no individual ownership right exists. The Group acquired the rights to use certain lands. The consideration paid for such rights are treated as lease prepayments and depreciated over the period of lease term using straight-line method.

(ii) *Other leases*

The Group leases office buildings and cement transfer storages under leases expiring from 1 to 10 years.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Others (note) RMB'000	Total RMB'000
Cost:				
At 1 January 2019	4,282,187	56,654	181,653	4,520,494
Additions	1,696,753	2,734	57,729	1,757,216
Transfer from construction-in-progress	43,480	–	–	43,480
At 31 December 2019	6,022,420	59,388	239,382	6,321,190
At 1 January 2020	6,022,420	59,388	239,382	6,321,190
Additions	2,910,227	1,347	360,068	3,271,642
Increase through business combination not under common control	430,485	–	–	430,485
Transfer from construction-in-progress	45,387	5,183	–	50,570
Disposal	(24,469)	–	(20)	(24,489)
At 31 December 2020	9,384,050	65,918	599,430	10,049,398
Accumulated amortisation:				
At 1 January 2019	1,026,786	19,924	22,852	1,069,562
Charge for the year	185,986	2,977	14,572	203,535
At 31 December 2019	1,212,772	22,901	37,424	1,273,097
At 1 January 2020	1,212,772	22,901	37,424	1,273,097
Charge for the year	285,075	3,346	15,439	303,860
Written back on disposals	(24,469)	–	(20)	(24,489)
At 31 December 2020	1,473,378	26,247	52,843	1,552,468
Net book value:				
At 31 December 2020	7,910,672	39,671	546,587	8,496,930
At 31 December 2019	4,809,648	36,487	201,958	5,048,093

Note: Others mainly represented the acquisition cost for software, the rights of using maritime space and emission rights.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

15 INTANGIBLE ASSETS (CONTINUED)

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain limestone mining rights. The aggregate carrying value of such limestone and clay mining rights of the Group as at 31 December 2020 was approximately RMB1,031,491,000 (2019: RMB47,403,000). The directors are of the opinion that the Group is entitled to legally use these limestone and clay mining rights.

16 GOODWILL

	31 December 2020 RMB'000	31 December 2019 RMB'000
Carrying amount:		
At 1 January	514,398	514,398
Acquisitions through business combinations	61,644	–
At 31 December	576,042	514,398

Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to groups of cash-generating units (being subsidiaries acquired in each acquisition). Such groups of cash-generating units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. These calculations use discounted cash flow projections primarily based on the respective financial budgets of the cash-generating units covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated to be the same as that of the respective final forecast year on existing production capacity. The pre-tax discount rate of 15.04% (2019: 13.98%) reflects current market assessment of the time value of money and specific risks relating to the Group's business.

Based on the impairment tests, no impairment was recorded as at 31 December 2020 (2019: none).

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES

The particulars of subsidiaries, which are either limited liability companies or joint stock limited companies established and operating in the PRC, at 31 December 2020 are as follows (Hong Kong dollars referred to as “HKD”, United States dollars referred to as “USD”, Russian rupees referred to as “RUB”):

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ningbo Conch Cement Co., Ltd. ("Ningbo Conch") 寧波海螺水泥有限公司	RMB 171,000,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shanghai Mingzhu Conch Cement Co., Ltd. ("Mingzhu Conch") 上海海螺明珠水泥有限責任公司	RMB 30,000,000	94.2%	94.2%	-	Manufacture and sale of clinker and cement products
Anhui Tongling Conch Cement Co., Ltd. ("Tongling Conch") 安徽銅陵海螺水泥有限公司	RMB 742,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Changfeng Conch Cement Co., Ltd. ("Changfeng Conch") 安徽長豐海螺水泥有限公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhangjiagang Conch Cement Co., Ltd. ("Zhangjiagang Conch") 張家港海螺水泥有限公司	RMB 35,000,000	98.71%	98.71%	-	Manufacture and sale of clinker and cement products
Shanghai Conch Cement Co., Ltd. ("Shanghai Conch")**** 上海海螺水泥有限責任公司	RMB 60,000,000	75%	75%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nantong Conch Cement Co., Ltd. ("Nantong Conch") 南通海螺水泥有限公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shanghai Conch Cement Sales Co., Ltd. ("Shanghai Sales") 上海海螺水泥销售有限公司	RMB 5,000,000	100%	100%	-	Sale of clinker and cement products
Anhui Digang Conch Cement Co., Ltd. ("Digang Conch") 安徽荻港海螺水泥股份有限公司	RMB 590,000,000	100%	99.75%	0.25%	Manufacture and sale of clinker and cement products
Jianyang Conch Cement Co., Ltd. ("Jianyang Conch") 福建省建陽海螺水泥有限公司	RMB 14,000,000	76%	76%	-	Manufacture and sale of clinker and cement products
Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch") 安徽縱陽海螺水泥股份有限公司	RMB 410,000,000	100%	99.27%	0.73%	Manufacture and sale of clinker and cement products
Anhui Chizhou Conch Cement Co., Ltd. ("Chizhou Conch") 安徽池州海螺水泥股份有限公司	RMB 950,000,000	100%	99.67%	0.33%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 泰州海螺水泥有限公司	RMB 11,520,000	93.75%	93.75%	-	Manufacture and sale of clinker and cement products
Bengbu Conch Cement Co., Ltd. ("Bengbu Conch") 蚌埠海螺水泥有限公司	RMB 54,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Fenyi Conch Cement Co., Ltd. ("Fenyi Conch") 分宜海螺水泥有限責任公司	RMB 110,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shangyu Conch Cement Co., Ltd. ("Shangyu Conch") 紹興上虞海螺水泥有限責任公司	RMB 16,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiande Conch Cement Co., Ltd. ("Jiande Conch") 建德海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Lushan Conch Cement Co., Ltd. ("Lushan Conch") 江西廬山海螺水泥有限公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Taizhou Yangwan Conch Cement Co., Ltd. ("Yangwan Conch") 泰州楊灣海螺水泥有限責任公司	RMB 170,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanchang Conch Cement Co., Ltd. ("Nanchang Conch") 南昌海螺水泥有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Huaining Conch Cement Co., Ltd. ("Huaining Conch") 安徽懷寧海螺水泥有限公司	RMB 273,250,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhongguo Cement Co., Ltd. ("Zhongguo Plant") 中國水泥廠有限公司	RMB 194,600,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Huai'an Conch Cement Co., Ltd. ("Huai'an Conch") 淮安海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taichang Conch Cement Co., Ltd. ("Taichang Conch") 太倉海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 台州海螺水泥有限公司	RMB 70,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Haimen Conch Cement Co., Ltd. ("Haimen Conch") 海門海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangmen Conch Cement Co., Ltd. ("Jiangmen Conch") 江門海螺水泥有限公司	RMB 105,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ma'anshan Conch Cement Co., Ltd. ("Ma'anshan Conch") 馬鞍山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangsu Baling Conch Cement Co., Ltd. ("Baling Conch") 江蘇八菱海螺水泥有限公司	RMB 32,960,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shuangfeng Conch Cement Co., Ltd. ("Shuangfeng Conch") 雙峰海螺水泥有限公司	RMB 492,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Xuancheng Conch Cement Co., Ltd. ("Xuancheng Conch") 安徽宣城海螺水泥有限公司	RMB 406,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wuhu Conch Cement Co., Ltd. ("Wuhu Conch") 蕪湖海螺水泥有限公司	RMB 660,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Conch Cement Co., Ltd. ("Hunan Conch") 湖南海螺水泥有限公司	RMB 400,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") 英德海螺水泥有限責任公司	RMB 580,000,000	75%	70%	5%	Manufacture and sale of clinker and cement products
Xingye Kuiyang Conch Cement Co., Ltd. ("Kuiyang Conch") 興業葵陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch") 扶綏新寧海螺水泥有限責任公司	RMB 328,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Construction 安徽蕪湖海螺建築安裝工程有限責任公司	RMB 30,000,000	100%	100%	-	Provision of construction and installation services for industrial purposes
Xing'an Conch Cement Co., Ltd. ("Xing'an Conch") 興安海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ninghai Qiangjiao Conch Cement Co., Ltd. ("Ninghai Conch") 寧海強蛟海螺水泥有限公司	RMB 110,240,000	100%	100%	-	Manufacture and sale of clinker and cement products
Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") 北流海螺水泥有限責任公司	RMB 450,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhanjiang Conch Cement Co., Ltd. ("Zhanjiang Conch") 湛江海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Xiangshan Conch Cement Co., Ltd. ("Xiangshan Conch") 象山海螺水泥有限責任公司	RMB 189,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Pingliang Conch 平涼海螺水泥有限責任公司	RMB 470,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Linxiang Conch Cement Co., Ltd. ("Linxiang Conch") 臨湘海螺水泥有限責任公司	RMB 290,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yueqing Conch Cement Co., Ltd. ("Yueqing Conch") 樂清海螺水泥有限責任公司	RMB 238,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Cement Co., Ltd. ("Quanjiao Conch") 全椒海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ningde Conch Cement Co., Ltd. ("Ningde Conch") 寧德海螺水泥有限責任公司	RMB 150,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch 廣元海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangdong Qingxin Cement Co., Ltd. ("Qingxin Conch") 廣東清新水泥有限公司	RMB 320,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Chongqing Conch 重慶海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Ganjiang Conch Cement Co., Ltd. ("Ganjiang Conch") 江西贛江海螺水泥有限責任公司	RMB 165,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Foshan Conch Cement Co., Ltd. ("Foshan Conch") 佛山海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Lu'an Conch Cement Co., Ltd. ("Lu'an Conch") 六安海螺水泥有限責任公司	RMB 89,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Dazhou Conch 達州海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Liquan Conch 禮泉海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianyang Conch 千陽海螺水泥有限責任公司	RMB 490,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huainan Conch Cement Co., Ltd. ("Huainan Conch") 淮南海螺水泥有限責任公司	RMB 160,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yangchun Conch Cement Co., Ltd. ("Yangchun Conch") 陽春海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jining Conch Cement Co., Ltd. ("Jining Conch") 濟寧海螺水泥有限責任公司	RMB 235,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qiyang Conch Cement Co., Ltd. ("Qiyang Conch") 祁陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 湖南益陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Suzhou Conch Cement Co., Ltd. ("Suzhou Conch") 宿州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Huangshan Conch Cement Co., Ltd. ("Huangshan Conch") 黃山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huazhou Conch Cement Co., Ltd. ("Huazhou Conch") 化州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Cement Co., Ltd. ("Jianghua Conch") 江華海螺水泥有限責任公司	RMB 266,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Plastic Packaging Co., Ltd. ("Jianghua Plastic") 江華海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Longling Conch Cement Co., Ltd. ("Longling Conch") 龍陵海螺水泥有限責任公司	RMB 225,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch Plastic Packaging Co., Ltd. ("Guangyuan Plastic") 廣元海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Guiyang Conch 貴陽海螺盤江水泥有限責任公司	RMB 706,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch 貴定海螺盤江水泥有限責任公司	RMB 460,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zunyi Conch 遵義海螺盤江水泥有限責任公司	RMB 530,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhuangxiang Conch 雲南壯鄉水泥股份有限公司	RMB 50,000,000	100%	99%	1%	Manufacture and sale of clinker and cement products
Baoshan Conch 保山海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Longan Conch 隆安海螺水泥有限責任公司	RMB 120,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Refractory Material 安徽海螺暹羅耐火材料有限公司	RMB 168,000,000	70%	70%	-	Manufacture, development and sale of refractory material
Tongren Conch 銅仁海螺盤江水泥有限責任公司	RMB 510,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinlinghe 寶雞市眾喜金陵河水泥有限公司	RMB 372,376,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenghuangshan 寶雞眾喜鳳凰山水泥有限公司	RMB 928,800,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxian Conch 乾縣海螺水泥有限責任公司	RMB 560,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liukuanguan 貴州六礦瑞安水泥有限公司	RMB 477,450,000	51%	51%	-	Manufacture and sale of clinker and cement products

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Liangping Conch 梁平海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxinan 黔西南州發展資源開發有限公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bazhong Conch 巴中海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wenshan Conch 文山海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bozhou Conch Cement Co., Ltd. ("Bozhou Conch") 亳州海螺水泥有限責任公司	RMB 30,000,000	70%	70%	-	Manufacture and sale of clinker and cement products
Nanwei Cement 四川南威水泥有限公司	RMB 168,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhenjiang Beigu Conch Cement Co., Ltd. ("Beigu Conch") 鎮江北固海螺水泥有限責任公司	RMB 50,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Hami Construction 哈密弘毅建材有限責任公司	RMB 100,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Hami Xingyi Mining Co., Ltd. ("Hami Mining") 哈密興義礦業有限責任公司	RMB 3,000,000	80%	-	80%	Mining and related service

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Lingyun Tonghong**** 廣西凌雲通鴻水泥有限公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Maoming Dadi Cement Co., Ltd. ("Maoming Dadi") 茂名市大地水泥有限公司	RMB 60,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinxian Conch Cement Co., Ltd. ("Jinxian Conch") 進賢海螺水泥有限責任公司	RMB 42,000,000	70%	70%	-	Manufacture and sale of clinker and cement products
Linxia Conch 臨夏海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Material Trading Co., Ltd. ("Conch Material") 安徽海螺物資貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale of clinker and cement products
Wuxi Conch Sales Cement Co., Ltd. ("Wuxi Sales") 無錫海螺水泥銷售有限公司	RMB 100,000,000	100%	100%	-	Sale of clinker and cement products
Yingjiangyunhan 盈江縣允罕水泥有限公司	RMB 300,000,000	99%	99%	-	Manufacture and sale of clinker and cement products
Baoji Conch Plastic Packaging Co., Ltd. ("Baoji Plastic") 寶雞海螺塑膠包裝有限責任公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of cement packaging

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Shaoyang Yeafing New Energy Co., Ltd. ("Yeafing New Energy") 邵陽市雲峰新能源科技有限公司	RMB 120,000,000	65%	65%	-	Sale and development of profile and related products
Hunan Yeafing Cement Co., Ltd. ("Yeafing Cement") 湖南省雲峰水泥有限公司	RMB 93,000,000	65%	65%	-	Manufacture and sale of clinker and cement products
Shuicheng Conch Panjiang Cement Co., Ltd. ("Shuicheng Conch")* 水城海螺盤江水泥有限責任公司	RMB 507,600,000	40%	40%	-	Manufacture and sale of clinker and cement products
Kunming Conch 昆明海螺水泥有限公司	USD 30,506,700	80%	80%	-	Manufacture and sale of clinker and cement products
Lianyuan Conch Cement Co., Ltd. ("Lianyuan Cement") 澧源海螺水泥有限公司	USD 74,800,000	80%	80%	-	Manufacture and sale of clinker and cement products
Ganzhou Conch 贛州海螺水泥有限責任公司	RMB 400,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Chaohu Conch Cement Co., Ltd. ("Chaohu Conch") 巢湖海螺水泥有限責任公司	RMB 500,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch Plastic Packaging Co., Ltd. ("Guiding Plastic") 貴定海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Fenghuang Construction 陝西銅川鳳凰建材有限公司	RMB 584,612,000	65%	65%	-	Manufacture and sale of clinker and cement products
Zunyi Huaihui New Material Co., Ltd. ("Haihui New Material") 遵義海匯新材料有限責任公司	RMB 45,000,000	60%	60%	-	Manufacture and sale of concrete products
Chizhou Conch New Material Co., Ltd. ("Chizhou New Material") 池州海螺新材料有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of concrete products
Guangyuan Conch New Material Co., Ltd. ("Guangyuan New Material") 廣元海螺新材料有限責任公司	RMB 40,000,000	90%	90%	-	Manufacture and sale of concrete products
Bazhong Conch Construction Co., Ltd. ("Bazhong Constructuion") 巴中海螺建材有限責任公司	RMB 50,000,000	90%	90%	-	Manufacture and sale of clinker and cement products
Chongqing Trading 重慶海螺物資貿易有限責任公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Wuhu Conch Mining Co., Ltd. ("Wuhu Mining") 蕪湖海螺礦業有限責任公司	RMB 12,000,000	70%	70%	-	Mining and selling aggregates
Wuhu Southeast Asia International Trading Co., Ltd. ("Southeast Asia Trading") 蕪湖東南亞國際貿易有限公司	USD 40,000,000	55%	55%	-	Sale and trading of clinker and cement products and provision of related services

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangdong Qingyuan Guangying Cement Co., Ltd. ("Guangdong Guangying") 廣東清遠廣英水泥有限責任公司	RMB 345,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Basu Conch 八宿海螺水泥有限責任公司	RMB 827,500,000	70%	70%	-	Manufacture and sale of clinker and cement products
Chuzhou Conch Cement New Construction Materials Co., Ltd. ("Chuzhou New Material") 滁州海螺新型建材有限公司	RMB 11,000,000	70%	70%	-	Manufacture and sale of concrete products
Jiangsu Conch Cement Construction Materials Co., Ltd. ("Jiangsu Material") 江蘇海螺建材有限責任公司	RMB 50,000,000	51%	51%	-	Sale and trading of clinker and cement products and provision of related services
Hunan Haizhong Trading Co., Ltd. ("Hunan Haizhong") 湖南海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yunnan Haizhong Trading Co., Ltd. ("Yunnan Haizhong") 雲南海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yangzhou Conch Cement Co., Ltd. ("Yangzhou Conch") 揚州海螺水泥有限責任公司	RMB 210,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 弋陽海螺水泥有限責任公司	RMB 457,500,000	100%	100%	-	Manufacture and sale of clinker and cement products

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Shimen Conch Cement Co., Ltd. ("Shimen Conch") 石門海螺水泥有限責任公司	RMB 421,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shanghai Conch Construction Material International Trading Co. Ltd. ("Conch International Trading") 上海海螺建材國際貿易有限公司	RMB 100,000,000	100%	100%	-	Sale, exporting and trading of clinker and cement products
Wuhu Conch Plastic Products Co., Ltd. ("Wuhu Plastic") 蕪湖海螺塑膠製品有限公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of cement packaging
Anhui Ningchang Plastic Packaging Co., Ltd. ("Ningchang Plastic") 安徽寧昌塑膠包裝有限公司	RMB 53,554,100	100%	100%	-	Manufacture and sale of cement packaging
Shanghai Conch Logistic Co., Ltd. ("Conch Logistic") 上海海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Guangdong Yinglong Conch Logistic Co., Ltd. ("Yinglong Logistic") 廣東英龍海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Yingde Conch Plastic Packaging Co., Ltd. ("Yingde Plastic") 英德海螺塑膠包裝有限責任公司	RMB 6,000,000	100%	100%	-	Manufacture and sale of cement packaging

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Huai'an Chuzhou Conch Cement Co., Ltd. ("Chuzhou Conch") 淮安楚州海螺水泥有限責任公司	RMB 113,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Haizhong Trading Co., Ltd. ("Jiangxi Haizhong") 江西海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou Haizhong Trading Co., Ltd. ("Guizhou Haizhong") 貴州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Bozhou Haizhong Trading Co., Ltd. ("Bozhou Haizhong") 亳州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Zhengzhou Haizhong Trading Co., Ltd. ("Zhengzhou Haizhong") 鄭州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shandong Haizhong Trading Co., Ltd. ("Shandong Haizhong") 山東海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Nanjing Haizhong Trading Co., Ltd. ("Nanjing Haizhong") 南京海中貿易有限公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Shanxi Haizhong Trading Co., Ltd. ("Shanxi Haizhong") 陝西海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Zhejiang Ningbo Haizhong Trading Co., Ltd. ("Ningbo Haizhong") 浙江寧波海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guangxi Chongzuo Haizhong Trading Co., Ltd. ("Chongzuo Haizhong") 廣西崇左海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Tongchuan Conch New Material 銅川海螺新材料有限責任公司	RMB 40,000,000	65%	65%	-	Manufacture and sale of concrete products
Linquan Conch Cement Co., Ltd. ("Linquan Conch") 臨泉海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Warehouse Logistics
Zhuhai Haizhong Trading Co., Ltd. ("Zhuhai Hai Zhong") 珠海海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Fenyi Conch Construction Materials Co., Ltd. ("Fenyi Material") 分宜海螺建築材料有限責任公司	RMB 300,000,000	90%	90%	-	Processing and sales of construction stones

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangxi Yiyang Conch New Construction Material Co., Ltd. ("Yiyang Construction Material") 江西弋陽海螺新型建材有限公司	RMB 100,000,000	70%	70%	-	Production and sales of construction materials
Jiangxi Yiyang Conch New Material Co., Ltd. ("Yiyang New Material") 江西弋陽海螺新材料有限公司	RMB 12,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Jiangbei Haizhong Construction Trading Co., Ltd. ("Jiangbei Construction") 安徽江北海中建材貿易有限公司	RMB 1,000,000,000	51%	51%	-	Sale and trading of clinker and cement products and provision of related services
Xingan Conch New Material Co., Ltd. ("Xingan New Material") 興安海螺新材料有限公司	RMB 40,000,000/ RMB0	70%	70%	-	Manufacture and sale of concrete products
Nanjiang Conch Cement Co., Ltd. ("Nanjiang Conch") 南江海螺水泥有限公司	RMB 300,000,000	51%	51%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Construction Technology Co., Ltd. ("Quanjiao Construction") 全椒海螺建築科技有限公司	RMB 200,000,000	90%	90%	-	Provision of construction and installation services for industrial purposes
Anhui Haibo Intelligent Technology Co., Ltd. ("Haibo Intelligent") ** 安徽海博智能科技有限公司	RMB 30,000,000	60%	60%	-	Research and experimental development

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Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Nantong Conch Concrete Co., Ltd. ("Nantong Concrete") ** 南通海螺混凝土有限責任公司	RMB 50,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Conch Zhongnan Intelligent Robot Co., Ltd. ("Zhongnan Intelligent") ** 安徽海螺中南智能機器人有限責任公司	RMB 50,000,000/ RMB 25,500,000	51%	51%	-	Research development and manufacture of automation machinery
Guangxi Laibin Haizhong Cement Co., Ltd ("Laibin Haizhong") ** 廣西來賓海中水泥有限責任公司	RMB 1,000,000,000/ RMB 50,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Tongling Conch New Material Co., Ltd. ("Tongling New Material") ** 銅陵海螺新材料有限責任公司	RMB 25,000,000/ RMB0	70%	70%	-	Production and sales of concrete and related products
Yancheng Conch Building Materials Co., Ltd. ("Yancheng Conch") ** 鹽城海螺建材有限公司	RMB 250,000,000/ RMB0	100%	100%	-	Manufacture and sale of clinker and cement products
Liquan Conch Construction Technology Co., Ltd. ("Liquan Construction Technology") ** 禮泉海螺建築科技有限責任公司	RMB 200,000,000/ RMB0	100%	100%	-	Industrial and civil building construction
Xiaoxian Conch Cement Co., Ltd. ("Xiaoxian Conch") ** 蕭縣海螺水泥有限責任公司	RMB 600,000,000/ RMB0	60%	60%	-	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Haihui Supply Chain Technology Co., Ltd. ("Haihui Supply Chain Technology") ** 安徽海慧供應鏈科技有限公司	RMB 20,000,000/ RMB0	50%	50%	-	Logistics transportation agency service
Hainan Changjiang Conch Cement Co., Ltd. ("Changjiang Conch") ** 海南昌江海螺水泥有限公司	RMB 650,000,000/ RMB0	100%	-	100%	Manufacture and sale of clinker and cement products
Wuhu South Cement *** 蕪湖南方水泥有限公司	RMB 300,000,000	26.01%	-	51%	Manufacture and sale of clinker and cement products
Fenyi Cangguling Construction Material Co., Ltd. ("Fengyi Cangguling") *** 分宜蒼古嶺建築材料有限責任公司	RMB 100,000,000	100%	-	100%	Mining and selling aggregates
Nantong Haimen Conch New Material Co., Ltd. ("Haimen New Material") 南通市海門海螺新材料有限責任公司	RMB 300,000,000/ RMB 208,000,000	100%	100%	-	Production and sales of new materials

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

Notes to the financial statements (continued)

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The particulars of subsidiaries, which are limited liability companies established overseas, at 31 December 2020 are as follows (United States dollars referred to as “USD”, Russia rubles referred to as “RUB”):

Name of company	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT Conch Cement Indonesia ("Indonesia Conch") 印尼海螺水泥有限公司	USD 51,000,000	75%	75%	-	Manufacture and sale of clinker and cement products investment and trading
PT Conch South Kalimantan Cement ("Indonesia South Conch") 南加里曼丹海螺水泥有限公司	USD 90,000,000	71.25%	-	71.25%	Manufacture and sale of clinker and cement products
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") 印尼海螺國際貿易有限公司	USD 30,000,000	100%	10%	90%	Investment and trading
PT Conch Manos South Sulawesi Mine ("South Sulawesi Conch") 南蘇拉威西馬諾斯海螺礦山有限公司	USD 1,000,000	67.5%	-	67.5%	Mining and related service
PT Conch Maros Cement Indonesia ("Maros Conch") 印尼馬諾斯水泥有限公司	USD 14,000,000	100%	-	100%	Sale of cement products and provision of related services
PT Conch Barru Cement Indonesia ("Barru Conch") 印尼巴魯海螺水泥有限公司	USD 25,000,000	100%	-	100%	Sale of cement products and provision of related services

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT Conch North Sulawesi Cement ("North Sulawesi Conch") 北蘇海螺水泥有限公司	USD 80,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
PT Conch West Kalimantan Cement ("West Kalimantan Conch") 西加里曼丹海螺水泥貿易有限公司	USD 4,000,000	100%	-	100%	Sale of cement products and provision of related services
Battambang Conch 馬德望海螺水泥有限公司	USD 50,000,000	60%	-	60%	Sale of cement products and provision of related services
Volga Conch 伏爾加海螺水泥有限責任公司	RUB 132,477,680	75%	75%	-	Manufacture and sale of clinker and cement products
Luangprabang Conch 琅勃拉邦海螺水泥有限公司	USD 23,000,000	70%	-	70%	Manufacture and sale of clinker and cement products
Vientiane Conch 萬象海螺水泥有限公司	USD 13,750,000	75%	-	75%	Manufacture and sale of clinker and cement products
Myanmar Conch Cement (Mandalay) Co., Ltd. ("Mandalay Conch") 緬甸海螺(曼德勒)水泥有限公司	USD 45,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Qarshi Conch 卡爾希海螺水泥外國企業有限責任公司	USD 58,000,000	100%	-	100%	Manufacture and sale of clinker and cement products

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Phnom Penh Conch 海螺KT水泥(金邊)有限公司	USD 10,000,000	55%	-	55%	Manufacture and sale of clinker and cement products
Conch International 海螺國際控股(香港)有限公司	USD 200,000,000	100%	100%	-	Investment and Trading
Tonga Conch Mining Co., Ltd. ** ("Tonga Mining") 東加海螺礦山有限公司	USD 1,000,000/ USD0	100%	-	100%	Mining and related service
Beisu Conch Mining Co., Ltd. ** ("Beisu Mining") 北蘇海螺礦山有限公司	USD 1,000,000/ USD0	100%	-	100%	Mining and related service

* Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 100%.

** These subsidiaries were newly established by the Group in 2020.

*** These subsidiaries were acquired by the Group in 2020.

**** On 21 September 2020, the Group increased its investment in Lingyun Tonghong by RMB35,329,000. After the investment increase, the Group's equity interests in Lingyun Tonghong increased from 80% to 100%.

***** The Group liquidated one subsidiary namely Shanghai Conch in December 2020.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

All of the subsidiaries are limited liability companies except for Digang Conch, Chizhou Conch and Zhuangxiang Conch, which are joint stock limited companies.

The following table lists out the information relating to Prosperity Conch Cement Co., Ltd, the 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.

	2020 RMB'000	2019 RMB'000
NCI percentage	25%	25%
Current assets	5,759,396	4,585,703
Non-current assets	1,237,828	1,318,497
Current liabilities	489,930	698,406
Non-current liabilities	245,138	193,284
Net assets	6,262,156	5,012,510
Carrying amount of NCI	1,565,539	1,253,128
Revenue	3,263,628	3,276,282
Profit for the year	1,249,645	1,155,276
Total comprehensive income	1,249,645	1,155,276
Profit allocated to NCI	312,411	288,819
Dividend paid to NCI	-	-
Cash flows from operating activities	1,458,802	1,117,285
Cash flows from investing activities	(116,518)	(126,059)
Cash flows from financing activities	(1,375,434)	(921,025)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTERESTS IN AN ASSOCIATE

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Share of net assets	2,362,032	2,048,676
Goodwill	8,825	8,825
	2,370,857	2,057,501

The following list contains the associate of the Group, which is operating in the PRC (Great Britain Pound referred to as “GBP”):

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
West China Cement Limited ("West Cement") 中國西部水泥有限公司	GBP 20,000,000	Listed	21.10%	-	21.10%	Manufacture and sale of cement related products

The Group's effective interest of West Cement decreased from 21.11% for the year ended 31 December 2019 to 21.10% for the year as at 31 December 2020, as West Cement issued new shares in 2020.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

18 INTERESTS IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the associate, adjusted for fair value and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	West Cement*	
	30 September 2020 RMB'000	30 September 2019 RMB'000
Gross amounts of the associate		
Current assets	5,552,521	4,385,285
Non-current assets	14,187,084	9,877,949
Current liabilities	(4,405,534)	(3,113,483)
Non-current liabilities	(4,338,403)	(1,848,783)
Equity	10,995,668	9,300,968
Equity attributable to equity shareholders of the associate	10,800,227	9,146,441
	1 October 2019 - 30 September 2020 RMB'000	1 October 2018 - 30 September 2019 RMB'000
Revenue	7,269,364	7,060,053
Gain from continuing operations	1,927,514	1,507,233
Other comprehensive income	-	-
Total comprehensive income	1,927,514	1,507,233
Dividend received from the associate	72,297	57,378
Reconciled to the Group's interests in the associate		
Gross amount of net assets of the associate as at 30 September 2020/2019	10,800,227	9,146,441
Group's effective interest	21.10%	21.11%
Group's share of net assets of the associate	2,278,771	1,931,166
Goodwill	8,825	8,825
Others	83,261	117,510
Carrying amount in the consolidated financial statements as at 31 December 2020/2019	2,370,857	2,057,501

* Figures were quoted from the financial information disclosed by Yaobai Special Cement Group Co., Ltd., a domestic operating entity of Western Cement, as at 30 September, 2020, taking into account overseas consolidation adjustments and adjustments based on fair value at the time of investment.

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

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Share of net assets	1,820,511	1,731,440
Goodwill	31,672	31,672
	1,852,183	1,763,112

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the Group's interests in joint ventures, which are unlisted and operating in the PRC and overseas, at 31 December 2020 are as follows (Indonesian Rupiah referred to as "IDR"):

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	RMB 348,000,000	50%	50%	—	Provision of installation and maintenance services of machinery
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬(蕪湖)國際貿易有限公司	USD 65,000,000	45%*	45%	—	Export and import business
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	USD 80,000,000	49%*	49%	—	Manufacture and sale of clinker and cement product
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	USD 44,000,000	45%*	45%	—	Manufacture and sale of clinker and cement product
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺(仰光)水泥有限公司	USD 10,000,000	50%	50%	—	Manufacture and sale of clinker and cement product
Huaibei Mining Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北礦業相山水泥有限責任公司	RMB 408,628,000	40%*	40%	—	Manufacture and sale of clinker and cement product
PT Eternal Richway 印尼富恒利有限公司	USD 2,000,000	49%*	—	49%	Mining and related services
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	IDR 10,100,000,000	49%*	—	49%	Mining and related services

* According to the Articles of Association of these six entities, the Group jointly controls these entities, together with other third parties.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of the joint ventures, adjusted for fair value and any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2020 RMB'000	2019 RMB'000
Gross amounts of joint ventures		
Current assets	3,592,079	3,750,196
Non-current assets	4,352,456	4,710,189
Current liabilities	(2,397,608)	(2,779,697)
Non-current liabilities	(1,121,584)	(1,429,535)
Equity	4,425,343	4,251,153
Equity attributable to equity shareholders of the joint ventures	4,369,518	4,203,011
Included in the above assets and liabilities:		
Cash and cash equivalents	443,577	612,601
Current financial liabilities (excluding trade and other payables and provisions)	744,932	701,908
Revenue	4,275,046	4,646,850
Profit from continuing operations	966,656	1,103,291
Other comprehensive income	19,280	23,272
Total comprehensive income	985,936	1,126,563
Dividend received from the joint ventures	261,761	131,518
Included in the above profit:		
Depreciation and amortisation	(324,917)	(379,287)
Interest income	41,609	7,445
Interest expense	(60,964)	(111,123)
Income tax expense	(316,518)	(327,247)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

19 INTERESTS IN JOINT VENTURES (CONTINUED)

	2020 RMB'000	2019 RMB'000
Reconciled to the Group's interests in joint ventures		
Gross amounts of net assets	4,369,518	4,203,011
Group's effective interest	40% – 50%	40% – 50%
Group's share of net assets of the joint ventures	1,794,914	1,730,617
Goodwill	31,672	31,672
Other adjustments	25,597	823
Carrying amount in the consolidated financial statements	1,852,183	1,763,112

20 LOANS AND RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Loans and receivables	655,236	522,072
Less: current portion of loans and receivables (note 27)	(195,520)	(147,760)
	459,716	374,312

As at 31 December 2020, loans and receivables of the Group mainly represent advances made to local government authorities.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

21 LONG-TERM PREPAYMENTS

As at 31 December 2020, the long-term prepayments comprised of prepayments of RMB21,366,000 (2019: Nil) for acquisition of limestone mining rights, and the deposits of RMB10,000,000 (2019: RMB10,000,000) for obtaining the mining resource rights. The deposits will not be refunded and are treated as part of the long-term assets when the acquisitions of such long-term assets are completed.

22 FINANCIAL ASSETS MEASURED AT FVOCI

	Note	31 December 2020 RMB'000	31 December 2019 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non- trading purpose)	(i)	319,465	254,320
– Unlisted equity investment (Non- trading purpose)	(ii)	71,776	71,776
		391,241	326,096

Note (i): Financial assets measured at FVOCI – listed equity securities held by the Group are shares in Anhui Xinli Finance Co., Ltd. which is listed on the Shanghai Stock Exchange (“SSE”). The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2020 and 2019.

Note (ii): As at 31 December 2020, the fair value of the unlisted equity investment is approximately the same as its cost.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

23 INVENTORIES

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

	31 December 2020 RMB'000	31 December 2019 RMB'000
Raw materials	2,467,527	2,616,808
Work in progress	249,188	268,545
Finished goods	3,546,840	2,310,089
Spare parts	738,060	376,081
	7,001,615	5,571,523

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

	2020 RMB'000	2019 RMB'000
Carrying amounts of inventories sold	124,024,705	104,449,113

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

24 ASSETS HELD FOR SALE

In October 2018, the Group committed to a plan to sell part of land use right and certain property, plant and equipment. Accordingly, those assets are presented as a disposal group held for sale. As at 31 December 2019, the carrying amount of the remaining disposal group was RMB9,811,000, which was lower than the fair value less costs to sell of RMB13,271,000.

During the year ended 31 December 2020, certain property, plant and equipment with carrying amount of RMB2,565,000 was sold and a disposal gain of RMB1,435,000 was recognised. The process of disposal of the land use right of RMB7,246,000 was suspended due to the change of government investment plan and the disposal is not expected to be completed within one year. Accordingly, the land use right of RMB7,246,000 was reclassified to other property, plant and equipment as at 31 December 2020.

	31 December 2020 RMB'000	31 December 2019 RMB'000
Property, plant and equipment	–	2,565
Land use rights	–	7,246
Assets held for sale	–	9,811

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 TRADE AND BILLS RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade debtors	1,215,220	1,287,008
Less: loss allowance for doubtful debts	(12,904)	(17,331)
	1,202,316	1,269,677
Bank acceptance notes receivable, carried at amortised cost	6,589,858	8,368,902
Commercial acceptance notes receivable, carried at amortised cost	11,341	6,500
Bank acceptance notes receivable, carried at FVOCI	3,085,316	3,350,586
	10,888,831	12,995,665

All of the trade and bills receivables are expected to be recovered within one year.

(a) Ageing analysis

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

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

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.

Further details on the Group's credit policy are set out in note 41(a).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

25 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Endorsed bank acceptance notes

As at 31 December 2020, the Group endorsed the undue bank acceptance notes receivable of RMB8,444,014,000 (2019: RMB6,975,154,000) to its suppliers to settle trade payables of the same amounts and derecognised these bank acceptance notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 31 December 2020, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB8,444,014,000 (2019: RMB6,975,154,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable will be derecognised if management consider, based on its "risks and rewards" evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bank acceptance notes receivable.

As at 31 December 2020, undue bank acceptance notes receivable of RMB1,499,973,000 (2019: RMB3,577,773,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership were not substantially transferred. The associated trade payables were also not derecognised. The carrying amounts of these undue bank acceptance notes receivable and trade payables approximate its fair values. All these undue bank acceptance notes receivable were due within 1 year.

(c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB3,085,316,000 (2019: RMB3,350,586,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

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

Notes to the financial statements (continued)

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26 FINANCIAL ASSETS MEASURED AT FVPL

	31 December 2020 RMB'000	31 December 2019 RMB'000
Wealth management products (Note)	26,882,714	16,782,212
Derivative financial assets	-	525
	26,882,714	16,782,737

Note: As at 31 December 2020, the balance represents investments in short-term wealth management products issued by banks. The principal amounts of these products are RMB26,500,000,000 (2019: RMB16,500,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 31 December 2020 as their contractual cash flows are not solely payments of principal and interest.

27 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Purchase prepayments	3,409,410	2,586,246
Current portion of loans and receivables (note 20)	195,520	147,760
Value-added tax recoverable and other tax prepayment	566,450	393,324
Wealth management product issued by bank and investment income receivable	-	2,070,767
Other receivables	1,630,779	1,297,542
	5,802,159	6,495,639

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 AMOUNTS DUE FROM/TO RELATED PARTIES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Amounts due from:		
Papua Cement	25,094	58,043
Conch Kawasaki Equipment	43,080	75,866
Anhui Conch Construction Materials Design Centre Co., Ltd. ("Conch Design Institute") 安徽海螺建材設計研究院有限責任公司	2,706	12,772
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	56,753	29,673
Myanmar Conch	28,896	30,210
Wuhu Conch Investment Co., Ltd. and its subsidiaries ("WH Investment and its subsidiaries") 蕪湖海螺投資有限公司及其附屬公司	18,822	32,122
Anhui Conch Kawasak Engineering Co., Ltd. and its subsidiaries ("CK Engineering and its subsidiaries") 安徽海螺川崎工程有限公司及其附屬公司	24,163	2,787
Xiangshan Cement and its subsidiaries	22,465	26,411
Jiande Chengli Construction Material Co., Ltd. ("Chengli Construction Material") 建德市成利建材有限公司	2,182	30,154
PT Eternal Richway	29,658	34,214
Other related parties	38,335	15,567
	292,154	347,819

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

	31 December 2020 RMB'000	31 December 2019 RMB'000
Amounts due to:		
Conch Kawasaki Equipment	26,659	13,670
CK Equipment	27,702	23,321
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") 蕪湖海創實業有限責任公司	-	4,613
Papua Cement	18,731	4,111
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限公司	25,980	15,776
CK Engineering and its subsidiaries	8,023	27,798
Conch Design Institute	67,112	11,663
Other related parties	209,717	162,569
	383,924	263,521

The amounts due from/to related parties mainly arose from the related party transactions as disclosed in note 44. The amounts due from/to related parties are unsecured and repayable on demand.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Bank deposits with original maturity within three months	8,129,545	12,531,184
Cash at bank and on hand	8,532,673	9,473,955
Other cash and cash equivalents	14,166	9,006
Cash and cash equivalents in the statement of financial position and consolidated cash flow statement	16,676,384	22,014,145

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

	Note	2020 RMB'000	2019 RMB'000
Profit before taxation		47,143,681	44,595,861
Adjustments for:			
Depreciation of investment properties and other property, plant and equipment	7(c)	4,965,426	4,931,221
Impairment loss on trade receivables, prepayments and other receivables	7(c)	-	7,011
Impairment loss on property, plant and equipment	7(c)	-	1,164,210
Reversal of impairment loss on trade receivables, prepayments and other receivables	7(c)	(4,908)	(751)
Depreciation of right-of-use assets		160,277	136,207
Amortisation of intangible assets	7(c)	303,860	203,535
Finance costs	7(a)	446,777	446,008
Interest income	6	(2,224,617)	(1,588,833)
Share of profits of an associate		(377,264)	(381,610)
Share of profits of joint ventures		(400,028)	(448,219)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

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

	Note	2020 RMB'000	2019 RMB'000
Net (gain)/loss on disposal of property, plant and equipment	6	(810,517)	68,356
Net realised and unrealised gain on financial assets measured at FVPL	6	(99,976)	(257,597)
Net gain on deregistration of investment in an associate	6	–	(127)
Net gain on maturity of wealth management products issued by banks	6	(700,242)	(326,716)
Net gain on liquidation of a subsidiary	6	(45,764)	(28,615)
Other net income	4	(1,416)	–
Before changes in working capital carried forward		48,355,289	48,519,941
Before changes in working capital brought forward		48,355,289	48,519,941
Changes in working capital:			
(Increase)/decrease in inventories		(1,384,788)	451,058
Decrease in trade and bills receivables		39,936	1,651,014
Increase in prepayments and other receivables		(753,285)	(470,546)
Decrease/(increase) in amounts due from related parties		17,627	(73,322)
(Decrease)/increase in trade payables		(624,726)	511,571
Increase in contract liabilities		745,069	180,335
(Decrease)/increase in other payables and accruals		(1,162,674)	179,343
Increase in amounts due to related parties		68,036	103,687
Increase in deferred income		47,215	4,555
Cash generated from operations		45,347,699	51,057,636

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Notes 33&34)	Unsecured debentures RMB'000 (Note 34)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 36)	Total RMB'000
At 1 January 2020	7,789,107	3,498,054	8,248,581	55,108	19,590,850
Changes from financing cash flows:					
Proceeds from new bank loans and other borrowings	4,829,438	-	-	-	4,829,438
Repayment of bank loans and other borrowings	(6,193,574)	-	-	-	(6,193,574)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(374,763)	-	(374,763)
Other payments related to financing activities	-	-	(802,954)	(2,353)	(805,307)
Capital element of lease rentals paid	-	-	-	(20,425)	(20,425)
Total changes from financing cash flows	(1,364,136)	-	(1,177,717)	(22,778)	(2,564,631)
Exchange adjustments	(6,080)	-	-	-	(6,080)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 33&34)	Unsecured debentures RMB'000 (Note 34)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 36)	Total RMB'000
Other changes:					
Changes arising from operating and investing activities	-	316	(16,360)	-	(16,044)
Increase in lease liabilities from entering into new leases during the year	-	-	-	5,747	5,747
Interest expenses (Note 7(a))	-	-	-	2,353	2,353
Dividends declared to non- controlling interests of non- wholly owned subsidiaries	-	-	374,763	-	374,763
Total other changes	-	316	358,403	8,100	366,819
At 31 December 2020	6,418,891	3,498,370	7,429,267	40,430	17,386,958

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Notes 33&34)	Unsecured debentures RMB'000 (Note 34)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 36)	Total RMB'000
At 1 January 2019	6,734,752	3,498,750	7,940,936	60,630	18,235,068
Changes from financing cash flows:					
Proceeds from new bank loans and other borrowings	5,697,238	-	-	-	5,697,238
Repayment of bank loans and other borrowings	(4,664,132)	-	-	-	(4,664,132)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(292,855)	-	(292,855)
Other payments related to financing activities	-	(1,000)	(4,343)	(2,798)	(8,141)
Capital and interest element of lease rentals paid	-	-	-	(17,313)	(17,313)
Total changes from financing cash flows	1,033,106	(1,000)	(297,198)	(20,111)	714,797
Exchange adjustments	31,249	-	-	-	31,249

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings RMB'000 (Notes 33&34)	Unsecured debentures RMB'000 (Note 34)	Other payables and accruals RMB'000 (Note 31)	Lease liabilities RMB'000 (Note 36)	Total RMB'000
Other changes:					
Changes arising from operating and investing activities	(10,000)	304	311,988	(2,798)	299,494
Increase in lease liabilities from entering into new leases during the year	-	-	-	17,387	17,387
Dividends declared to non- controlling interests of non- wholly owned subsidiaries	-	-	292,855	-	292,855
Total other changes	(10,000)	304	604,843	14,589	609,736
At 31 December 2019	7,789,107	3,498,054	8,248,581	55,108	19,590,850

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

29 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases

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

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within operating cash flow	17,670	12,029
Within investing cash flow	451,473	238,664
Within financing cash flow	22,778	20,111
	491,921	270,804

These amounts relate to the following:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Lease rentals paid	40,448	32,140
Purchase of leasehold land use rights	451,473	238,664
	491,921	270,804

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

30 TRADE PAYABLES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Trade payables	4,565,797	7,145,833

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

	31 December 2020 RMB'000	31 December 2019 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
	4,565,797	7,145,833

31 OTHER PAYABLES AND ACCRUALS

	31 December 2020 RMB'000	31 December 2019 RMB'000
Construction cost payables	1,386,252	1,225,985
Deposits from suppliers	1,299,362	1,161,174
Retention monies	486,076	442,340
Expense accruals	472,436	562,763
Value-added tax payables	1,393,596	1,607,880
Other taxes payables	623,617	1,200,714
Payables for acquisition of subsidiaries	306,823	399,341
Payroll payables	1,360,262	1,480,292
Other payables	100,843	168,092
	7,429,267	8,248,581

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

32 CONTRACT LIABILITIES

	31 December 2020 RMB'000	31 December 2019 RMB'000
Contract liabilities		
Receipts in advance from customers		
– For purchase of clinker and cement products	4,237,555	3,492,486
	4,237,555	3,492,486

Movements in contract liabilities

	2020 RMB'000	2019 RMB'000
Balance at 1 January	3,492,486	3,312,151
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(3,492,486)	(3,312,151)
Net increase in contract liabilities as a result of cash receipts in advance from customers for purchase of clinker and cement products (net off the contract liabilities as a result of recognising revenue during the year)	4,237,555	3,492,486
Balance at 31 December	4,237,555	3,492,486

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

33 CURRENT BANK LOANS AND OTHER BORROWINGS

The analysis of the carrying amount of current bank loans and other borrowings is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Bank loans (note 35)		
– unsecured	3,109,211	3,917,815
	3,109,211	3,917,815

34 NON-CURRENT BANK LOANS AND OTHER BORROWINGS

(a) The analysis of the carrying amount of non-current interest-bearing borrowings is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Bank loans (note 35)		
– unsecured	3,309,680	3,871,292
Unsecured debentures (note 34(b))	3,498,370	3,498,054
	6,808,050	7,369,346

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

34 NON-CURRENT BANK LOANS AND OTHER BORROWINGS (CONTINUED)

(b) Significant terms and repayment schedule of debentures:

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

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

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

35 BANK LOANS

At 31 December 2020, the bank loans were repayable as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Within 1 year or on demand (note 33)	3,109,211	3,917,815
After 1 year but within 2 years	1,245,180	991,555
After 2 years but within 5 years	1,563,500	2,524,737
After 5 years	501,000	355,000
Total non-current bank loans (note 34(a))	3,309,680	3,871,292
	6,418,891	7,789,107

As at 31 December 2020, total available banking facilities of the Group amounted to RMB46,305,785,000 (2019: RMB72,313,477,000). These facilities were utilised as bank loans to the extent of RMB6,418,891,000 (2019: RMB7,789,107,000) as at 31 December 2020.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

36 LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	At 31 December 2020		At 1 January 2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	17,107	17,558	20,275	20,741
After 1 year but within 2 years	12,277	13,198	14,389	15,475
After 2 years but within 5 years	2,433	2,842	11,597	13,291
After 5 years	8,613	18,109	8,847	18,799
	23,323	34,149	34,833	47,565
	40,430	51,707	55,108	68,306
Less: total future interest expense		(11,277)		(13,198)
Present value of lease liabilities		40,430		55,108

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

37 LONG-TERM PAYABLES

The remaining contractual maturities of the Group's long-term payables at the end of the reporting period are as follows:

	At 31 December 2020		At 31 December 2019	
	Present value of the long-term payments RMB'000	Total long-term payments RMB'000	Present value of the long-term payments RMB'000	Total long-term payments RMB'000
Within 1 year	519,477	537,406	437,358	474,262
After 1 year but within 2 years	58,955	63,084	458,132	474,262
After 2 years but within 5 years	160,851	189,253	–	–
After 5 years	177,633	246,450	–	–
	397,439	498,787	458,132	474,262
	916,916	1,036,193	895,490	948,524
Less: total future interest expense		(119,277)		(53,034)
Present value of long-term payables		916,916	895,490	

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

38 DEFERRED INCOME

	2020 RMB'000	2019 RMB'000
At 1 January	639,134	634,579
Government grants received (note)	117,926	75,246
Recognised in the consolidated statement of profit or loss	(70,711)	(70,691)
At 31 December	686,349	639,134

Note: Deferred income mainly represents the government grants received from relevant PRC authorities for property, plant and equipment improvement, such as energy-efficiency improvement. The grants are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective assets. There are no unfulfilled conditions and contingencies relating to the grants.

39 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	3,863,553	4,091,176
Provision for the year (note 8(a))	10,556,982	10,091,808
Tax paid during the year	(10,520,693)	(10,319,431)
Balance at 31 December	3,899,842	3,863,553
Representing:		
Tax recoverable	(60,941)	(31,768)
Tax payable	3,960,783	3,895,321
	3,899,842	3,863,553

39 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

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

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

Deferred tax arising from:	Expected credit loss allowances and impairment RMB'000	Unrealised profits (Note)	Arising from business combination RMB'000	Tax losses RMB'000	Deferred deductible expense RMB'000	Property, plant and equipment RMB'000	Deferred income RMB'000	Fair value change of financial asset measured at FVOCI RMB'000	Financial assets measured RMB'000	Total RMB'000
At 1 January 2019	(138,709)	(381,139)	280,961	(186,610)	(163,333)	148,103	(86,485)	53,368	6,285	(487,559)
Charged/(credited) to income statement	(175,103)	(18,617)	(11,240)	59,020	1,373	205,325	(11,995)	-	64,268	113,031
Credited to reserves	-	-	-	-	-	-	-	(1,090)	-	(1,090)
At 31 December 2019	(313,812)	(389,756)	249,721	(127,590)	(161,960)	353,428	(98,480)	52,278	70,553	(375,618)
At 1 January 2020	(313,812)	(389,756)	249,721	(127,590)	(161,960)	353,428	(98,480)	52,278	70,553	(375,618)
Charged/(credited) to income statement	69,296	(3,949)	(21,142)	27,731	16,800	183,525	(20,952)	-	(70,553)	180,756
Credited to reserves	-	-	-	-	-	-	-	17,883	-	17,883
Arising from acquisition	-	-	96,769	-	-	-	-	-	-	96,769
At 31 December 2020	(244,516)	(403,705)	325,348	(99,859)	(145,160)	536,953	(119,432)	70,161	-	(80,210)

Note: The unrealised profits arose from intra-group sales of inventories and property, plant and equipment, intra-group borrowings, and sale of inventories and property, plant and equipment to/from an associate and joint ventures.

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

39 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) Reconciliation to the consolidated statement of financial position

	31 December 2020 RMB'000	31 December 2019 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	(851,777)	(1,099,391)
Net deferred tax liabilities recognised on the consolidated statement of financial position	771,567	723,773
	(80,210)	(375,618)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB162,103,000 (2019: RMB108,814,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The Group has not recognised deferred tax assets in respect of certain impairment of property, plant and equipment of RMB48,601,000 (2019: RMB48,293,000) for the same reason mentioned above.

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

Notes to the financial statements (continued)

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40 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2019		5,299,303	16,579,355	217,270	2,649,654	160,103	77,501,453	102,407,138
Changes in equity for 2019:								
Profit for the year		-	-	-	-	-	16,459,259	16,459,259
Other comprehensive income		-	-	-	-	(3,270)	-	(3,270)
Total comprehensive income		-	-	-	-	(3,270)	16,459,259	16,455,989
Dividends approved in respect of the previous year	40(b)	-	-	-	-	-	(8,955,821)	(8,955,821)
Balance at 31 December 2019		5,299,303	16,579,355	217,270	2,649,654	156,833	85,004,891	109,907,306
Balance at 1 January 2020		5,299,303	16,579,355	217,270	2,649,654	156,833	85,004,891	109,907,306
Changes in equity for 2020:								
Profit for the year		-	-	-	-	-	48,932,443	48,932,443
Other comprehensive income		-	-	-	-	110,949	-	110,949
Total comprehensive income		-	-	-	-	110,949	48,932,443	49,043,392
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	(57,299)	57,299	-
Dividends approved in respect of the previous year	40(b)	-	-	-	-	-	(10,598,605)	(10,598,605)
Balance at 31 December 2020		5,299,303	16,579,355	217,270	2,649,654	210,483	123,396,028	148,352,093

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

- (i) *Dividends payable to equity shareholders of the Company attributable to the year:*

	2020 RMB'000	2019 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.

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

	2020 RMB'000	2019 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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

(i) Registered and issued share capital

	31 December 2020		31 December 2019	
	No. of shares ('000)	Amount RMB'000	No. of shares ('000)	Amount RMB'000
Registered:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303
Issued and fully paid:				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	5,299,303	5,299,303	5,299,303	5,299,303

The Company issued 361,000,000 H shares with a par value of RMB1.00 each in October 1997 at an issue price of Hong Kong Dollars (the "HKD") 2.28 per share. The H shares were listed on the Stock Exchange of Hong Kong Limited on 21 October 1997.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in January 2002 at an issue price of RMB4.10 per share. The A shares were listed on the Shanghai Stock Exchange ("SSE") on 7 February 2002.

The Company issued 72,200,000 H shares with a par value of RMB1.00 each at an issue price of HKD8.20 per share in November 2003.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

(i) Registered and issued share capital (Continued)

According to the resolution of the A-share shareholders' meeting held on 20 February 2006, the Proposal of Share Segregation Reform of Anhui Conch Cement Company Limited ("the Proposal") was approved whereby Conch Holdings agreed to pay cash consideration of RMB15 for every 10 floating A shares held by holders of floating A shares at the total amount of RMB300,000,000 with a view to obtaining a restricted listing right for the 622,480,000 non-floating state-owned shares of the Company then held by Conch Holdings. After the implementation of the Proposal, the proportion and number of shares in the Company held by holders of A shares and state-owned shares as well as the total issued share capital of the Company remained unchanged. The State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province ("SASAC") approved the Proposal on 15 February 2006.

On 1 March 2007, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 shares with trading restrictions (representing approximately 5% of the total issued shares of the Company at 31 December 2006) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 7 March 2007.

On 24 April 2007, the Company obtained the approval of CSRC and (i) issued an aggregate of 22,755,147 A shares to Conch Holdings as consideration for the acquisition of 100% equity interest of Ningchang Plastic, 75% equity interest of Wuhu Plastic and 100% equity interest of Conch International Trading; and (ii) issued an aggregate of 287,999,046 A shares to Anhui Conch Venture Investment Co., Limited ("CV Investment") (安徽海螺創業投資有限責任公司) as consideration for the acquisition of 49% equity interest in Digang Conch, 49% equity interest in Zongyang Conch, 49% equity interest in Chizhou Conch and 31.86% equity interest in Tongling Conch. Pursuant to these transactions, the registered capital of the Company was increased to RMB1,566,434,193 by the issuance of an additional 310,754,193 restricted A shares of RMB1 each, ranking pari passu with the then existing shares of the Company in all respects, except for the trading restrictions as noted above.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

(i) Registered and issued share capital (Continued)

On 25 February 2008, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 A shares with trading restrictions (representing approximately 4% of the total issued shares of the Company at 31 December 2007) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 3 March 2008.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in May 2008 at an issue price of RMB57.38 per share, ranking pari passu with the then existing shares of the Company in all respects. The aforementioned A shares were listed on the SSE on 28 May 2008.

On 25 February 2009, the board of directors of the Company applied to the SSE for the listing of the 496,912,000 shares with trading restrictions (representing approximately 28% of the total issued shares of the Company at 31 December 2008) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 496,912,000 shares with trading restrictions on 2 March 2009.

On 20 May 2010, the board of directors of the Company applied to the SSE for the listing of the 310,754,000 shares with trading restrictions (representing approximately 18% of the total issued shares of the Company at 31 December 2009) in the Company held by Conch Holdings, CV Investment and Ping An Trust and Investment Co., Ltd. on the SSE. The SSE approved the listing of such 310,754,000 shares with trading restrictions on 26 May 2010.

A shares and H shares rank pari passu in all respects, except that dividends on A shares are payable in RMB, while dividends on H shares are payable in HKD.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (Continued)

(ii) Capitalisation issue

The 2010 Annual General Meeting held on 31 May 2011 approved the bonus issue of 5 shares for every 10 shares held by the shareholders as at 15 June 2011. As a result, the issued share capital of the Company increased from RMB3,532,868,000 to RMB5,299,303,000 after capitalisation of share premium of RMB1,766,435,000.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents net assets acquired from Conch Holdings in excess of the par value of shares issued, and proceeds from the issuance of H shares and A shares (or fair value of A shares) issued in excess of their par value, net of underwriting commissions, professional fees and other reorganisation costs for listing purpose.

(ii) Capital reserve

The capital reserve comprises the following:

- the differences between the cost of acquisition of non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired;
- cash contributed by Conch Holdings; and
- share of change of capital reserve of the investees.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (Continued)

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its subsidiaries shall appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) as determined in accordance with CAS to the statutory surplus reserve account. When the balance of such reserve fund reaches 50% of the registered capital of the Company or any of its subsidiaries, further appropriation to that company will become optional.

The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital after proper approval. However, except for offsetting prior years' losses, the statutory surplus reserve of the Company and each subsidiary should be maintained at a minimum of 25% of the registered capital after utilisation.

For the year ended 31 December 2020, the subsidiaries of the Company appropriated the statutory surplus reserve in accordance with the articles of association. No statutory surplus reserve was appropriated for the Company in 2020, since the balance of the statutory surplus reserve reached 50% of the registered capital of the Company.

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(g)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (Continued)

(v) Retained earnings

The distribution of dividends is made in accordance with the Company's articles of association at the recommendation of the Board of Directors and subject to approval by shareholders in general meetings. Pursuant to the Notice [1995] 31 issued by the Ministry of Finance of the PRC on 24 August 1995, the amount of profit available for distribution to equity shareholders will be determined based on the lower of unappropriated profits in the Company's financial statements determined in accordance with (i) CAS and regulations, and (ii) IFRSs.

(e) Capital management

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

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

The Group monitors its capital structure on the basis of the adjusted net debt-to-capital ratio. For this purpose adjusted net debt is calculated as bank loans and other borrowings plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

40 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (Continued)

During 2020, the Group's strategy, which was unchanged from 2019, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-capital ratio at 31 December 2020 and 2019 was as follows:

	Note	31 December 2020 RMB'000	31 December 2019 RMB'000
Current liabilities:			
Bank loans and other borrowings	33	3,109,211	3,917,815
Lease liabilities	36	17,107	20,275
Current portion of long-term payables	37	519,477	437,358
Non-current liabilities:			
Bank loans and other Borrowings	34(a)	6,808,050	7,369,346
Lease liabilities	36	23,323	34,833
Long-term payables	37	397,439	458,132
Total debt		10,874,607	12,237,759
Add: Proposed dividends	40(b)	11,234,521	10,598,605
Less: Cash and cash Equivalents	29(a)	(16,676,384)	(22,014,145)
Adjusted net debt		5,432,744	822,219
Total equity attributable to equity shareholders of the Company		161,680,795	137,186,402
Less: Proposed dividends	40 (b)	(11,234,521)	(10,598,605)
Adjusted capital		150,446,274	126,587,797
Adjusted net debt-to-capital ratio		3.61%	0.65%

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in listed entities.

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

(a) Credit risk

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

Except for the financial guarantees given by the Group as set out in note 43, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 43.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2020: 30.49% (2019: 31.31%) of the total trade receivables was due from the Group's five largest customers.

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 due within 30 to 60 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2020 and 2019:

	Expected loss rate %	2020 Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0%	1,114,154	–
1 – 3 months past due	0%	60,377	–
3 – 6 months past due	5%	14,379	719
6 – 12 months past due	10%	14,734	1,474
12 – 24 months past due	20%	1,081	216
More than 24 months past due	100%	10,495	10,495
		1,215,220	12,904
	Expected loss rate %	2019 Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0%	1,121,012	–
1 – 3 months past due	0%	88,775	–
3 – 6 months past due	5%	31,576	1,578
6 – 12 months past due	10%	19,153	1,915
12 – 24 months past due	20%	15,818	3,164
More than 24 months past due	100%	10,674	10,674
		1,287,008	17,331

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables (Continued)

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the expected credit loss allowance account in respect of trade debtors during the year is as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Balance at 1 January	17,331	10,320
Written off during the year	(479)	–
Reversal of impairment losses during the year	(6,636)	(1,061)
Impairment losses recognised during the year	2,688	8,072
Balance at 31 December	12,904	17,331

(b) Liquidity risk

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

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (Continued)

Other than endorsed bank acceptance notes with full recourse which were derecognised by the Group (see note 25), the following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2020 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1	More than	More than	More than	Total	
	year or on demand	1 year but less than 2 years	2 years but less than 5 years	5 years		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade payables	4,565,797	-	-	-	4,565,797	4,565,797
Other payables and accruals	4,051,792	-	-	-	4,051,792	4,051,792
Bank loans and other borrowings	3,418,203	4,932,312	1,635,986	796,397	10,782,898	9,917,261
Lease liabilities	17,558	13,198	2,842	18,109	51,707	40,430
Current portion of long-term payables	537,406	-	-	-	537,406	519,477
Long-term payables	-	63,084	189,253	246,450	498,787	397,439
Amounts due to related parties	376,846	-	-	-	376,846	376,846
	12,967,602	5,008,594	1,828,081	1,060,956	20,865,233	19,869,042

	2019 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1	More than	More than	More than	Total	
	year or on demand	1 year but less than 2 years	2 years but less than 5 years	5 years		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade payables	7,145,833	-	-	-	7,145,833	7,145,833
Other payables and accruals	3,959,694	-	-	-	3,959,694	3,959,694
Bank loans and other borrowings	4,293,338	982,233	6,022,112	812,352	12,110,035	11,287,161
Lease liabilities	20,741	15,475	13,291	18,799	68,306	55,108
Current portion of long-term payables	474,262	-	-	-	474,262	437,358
Long-term payables	-	474,262	-	-	474,262	458,132
Amounts due to related parties	262,316	-	-	-	262,316	262,316
	16,156,184	1,471,970	6,035,403	831,151	24,494,708	23,605,602

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period.

	2020		2019	
	Interest rate %	RMB'000	Interest rate %	RMB'000
Net fixed rate borrowings:				
Bank loans	2.40%~3.00%	2,491,355	2.48%~4.15%	2,781,568
Unsecured debentures	5.10%	3,498,370	5.10%	3,498,054
Lease liabilities	4.35%~4.90%	40,430	3.98%~7.50%	55,108
Long-term payables	4.75%~4.90%	397,439	4.75%	458,132
Current portion of long-term payables	4.75%~4.90%	519,477	4.75%	437,358
Less: Loans and receivables	4.75%	(77,960)	4.35%~4.75%	(30,000)
Amounts due from related parties	-	-	6.00%	(27,960)
Prepayments and other receivables	4.35%~4.75%	(65,000)	4.35%~4.75%	(2,050,000)
Restricted cash deposits	1.55%~3.99%	(285,260)	1.35%~3.99%	(246,928)
Bank deposits with maturity over three months	0.80%~4.18%	(44,960,903)	3.95%~4.30%	(32,503,597)
Bank deposits with maturity within three months	1.00%~3.96%	(8,129,545)	1.00%~5.60%	(12,531,184)
		(46,571,597)		(40,159,449)
Variable rate borrowings:				
Bank loans	0.86%~4.28%	3,927,536	2.66%~4.51%	5,007,539
Less: Restricted cash deposits	0.30%~1.67%	(254,621)	0.03%~1.67%	(212,408)
Cash and cash equivalents	0.04%~5.00%	(8,541,565)	0.04%~8.00%	(9,481,668)
		(4,868,650)		(4,686,537)
Total		(51,440,247)		(44,845,986)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB38,012,000 (2019: increased/decreased RMB36,332,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to fair value interest rate risk arising from fixed rate non-derivative instruments held by the Group at the end of the reporting period, the Group does not account for any fixed rate non-derivative instruments at FVPL. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2019.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, bank loans and other borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are United States Dollar, Thai Baht, Hong Kong Dollar and RMB. The Group manages this risk as follows:

(i) *Recognised assets and liabilities*

In respect of cash and cash equivalents, receivables, payables, bank loans and other borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) *Exposure to currency risk*

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date (United States Dollar referred to as "USD", Thai Baht referred to as "THB", Hong Kong Dollar referred to as "HKD"):

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

	Exposure to foreign currencies (expressed in RMB'000)							
	2020				2019			
	USD	THB	HKD	RMB	USD	THB	HKD	RMB
The functional currency is RMB:								
Trade and bills receivables	8,115	-	-	-	547	-	3,963	-
Trade payables	(24,627)	-	-	-	(22,863)	-	-	-
Cash and cash equivalents	844,641	-	86,423	-	598,394	-	42,386	-
Bank loans and other borrowings	-	-	-	-	(319,541)	-	-	-
The functional currency is Indonesia Rupiah:								
Cash and cash equivalents	137,106	-	-	17,493	109,139	-	-	73,908
Bank loans and other borrowings	(1,622,698)	-	-	(1,844,675)	(2,050,523)	-	-	(1,777,925)
Trade payables	-	-	-	-	(103)	-	-	(36,294)
The functional currency is Lao Kip:								
Cash and cash equivalents	4,752	1	-	23,914	2,159	1	-	19,596
Trade and bills receivables	-	-	-	-	-	-	-	-
Trade payables	(247)	-	-	(1,417)	(7,866)	-	-	(14,087)
The functional currency is Myanmar Kyat:								
Cash and cash equivalents	26,311	-	-	-	132,670	-	-	-
Bank loans and other borrowings	-	-	-	(630,000)	-	-	-	(380,000)
The function currency is Uzbekistani Som:								
Cash and cash equivalents	42,182	-	-	-	47,893	-	-	-
Gross exposure arising from recognised assets and liabilities								
	(584,465)	1	86,423	(2,434,685)	(1,510,094)	1	46,349	(2,114,802)
Notional amounts of swap contract								
	-	-	-	-	52,369	-	-	-
Net exposure arising from recognised assets and liabilities								
	(584,465)	1	86,423	(2,434,685)	(1,457,725)	1	46,349	(2,114,802)

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (Continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits RMB'000
USD	1%	(4,383)	1%	(10,933)
THB	1%	-	1%	-
HKD	1%	648	1%	348
RMB	1%	(18,260)	1%	(15,861)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2019.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments held for non-trading purpose (see note 22).

The Group mitigates the risk associated with investments in listed equity securities by making strategic investment with its disposable fund pursuant to the authorisation of the board of directors, and by limiting the investments to certain listed domestic companies with considerable scale, competitive advantage and development potential.

The scale of such investments is controlled under a reasonable cap, and investment strategies are designed collectively by the Group based on securities market conditions and the corporate governance of the targeted companies.

In compliance with PRC laws and regulations and based on the Group's investment strategy, investments in listed equity securities are held for non-trading purpose, which are then monitored and managed under these classifications respectively.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk (Continued)

At 31 December 2020, it is estimated that an increase/(decrease) of 1% (2019: 1%) in the relevant stock price (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2020		2019	
	Effect on profit after tax and retained profits	Effect on fair value reserve	Effect on profit after tax and retained profits	Effect on fair value reserve
	RMB'000	RMB'000	RMB'000	RMB'000
Change in quoted share price				
Increase	1%	- 2,396	1%	- 1,907
Decrease	(1%)	- (2,396)	(1%)	- (1,907)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and fair value reserve that would arise assuming that the changes in the respective quoted share prices had occurred at the statement of financial position date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant share price, that none of the Group's non-trading equity investments would be considered impaired as a result of the short-term fluctuation of the relevant share price, and that all other variables remain constant. The analysis is performed on the same basis for 2019.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement

(i) Financial instruments carried at fair value

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

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial instruments carried at fair value (Continued)

	Fair value measurements as at 31 December 2020 using			
	Fair value at 31 December 2020 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
- Wealth management product issued by bank	26,882,714	-	26,882,714	-
Financial assets measured at FVOCI:				
- Listed equity securities	319,465	319,465	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	3,085,316	-	3,085,316	-
	30,359,271	319,465	29,968,030	71,776

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (Continued)

(i) Financial instruments carried at fair value (Continued)

	Fair value measurements as at 31 December 2019 using			
	Fair value at 31 December 2019 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
- Wealth management product issued by bank	16,782,212	-	16,782,212	-
- Derivative financial instruments	525	-	525	-
Financial assets measured at FVOCI:				
- Listed equity securities	254,320	254,320	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	3,350,586	-	3,350,586	-
	20,459,419	254,320	20,133,323	71,776

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair value measurement (Continued)

(i) *Financial instruments carried at fair value (Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

For wealth management product issued by banks that are measured at FVPL, the fair value is determined by calculating based on the discounted cash flow method.

Derivative financial instruments in Level 2 are cross-currency swap contracts. The fair value of cross-currency swap contracts are determined using option model and observable inputs.

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

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of unlisted equity securities is determined based on medium market multiples (e.g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate. Since the operating and financial status of the invested company has not undergone major changes, the fair value of unlisted equity securities is approximate to the cost of obtaining the equity securities.

(ii) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 2019.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

42 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements were as follows:

	2020 RMB'000	2019 RMB'000
Contracted for	3,798,327	3,979,444
Authorised but not contracted for	1,426,512	871,538
	5,224,839	4,850,982

43 CONTINGENT LIABILITIES

At 31 December 2020, outstanding letters of credit issued by the Group amounted to RMB142,146,000 (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, Papua Cement and Myanmar Conch, 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.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

In addition to the an associate and joint ventures of the Group as disclosed in notes 18 and 19 of these financial statements, the directors are of the view that the following entities are related parties of the Group.

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch Profiles and Science Co., Ltd. and its subsidiaries ("Conch Profiles and Science and its subsidiaries") 蕪湖海螺型材科技股份有限公司及其附屬公司	Subsidiary of Conch Holdings
Wuhu Conch International Hotel Co., Ltd. ("WH Conch Hotel") 蕪湖海螺國際大酒店有限公司	Subsidiary of Conch Holdings
Conch Design Institute 安徽海螺建材設計研究院有限責任公司	Subsidiary of Conch Holdings
Conch IT Engineering 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Holdings
Conch New Materials and its subsidiaries 安徽海螺新材料科技有限公司及其附屬公司	Subsidiary of Conch Holdings
Conch New Energy Co., Ltd. and its subsidiaries ("Conch New Energy and its subsidiaries") 安徽海螺新能源有限公司及其附屬公司	Subsidiary of Conch Holdings

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Anhui Jinggong Testing and Inspection Center Co., Ltd. ("Jinggong Testing") 安徽精公檢測檢驗中心有限公司	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings
Anhui International Trade Group Holding Co., Ltd. and its subsidiaries ("Anhui International Trade and its subsidiaries") 安徽國貿集團控股有限公司及其附屬公司	Subsidiary of Conch Holdings
CK Engineering and its subsidiaries 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
CK Equipment 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture
Yangzhou Haichang Port Industrial Co.,Ltd. ("HC Port") 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture
Anhui Haizhong Environmental Protection Co., Ltd. and its subsidiaries ("Haizhong Environmental and its subsidiaries") 安徽海中環保有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Environmental Protection Group Co., Ltd. and its subsidiaries ("Conch Environmental Protection and its subsidiaries") 安徽海螺環保集團有限公司及其附屬公司	Subsidiary of China Conch Venture

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Construction Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
WH Investment and its subsidiaries 蕪湖海螺投資有限公司及其附屬公司	Subsidiary of China Conch Venture
Conch Venture Wuhu 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy Co., Ltd ("Clean Energy") 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the subsidiary of Conch Holdings
Conch Kawasaki Equipment 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Papua Cement 國投印尼巴布亞水泥有限公司	Joint venture of the Company
Sino-Myanmar International 中緬(蕪湖)國際貿易有限公司	Joint venture of the Company

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Myanmar Conch 緬甸海螺水泥有限公司	Joint venture of the Company
Yangon Conch 緬甸海螺(仰光)水泥有限公司	Joint venture of the Company
PT Eternal Richway 印尼富恒利有限公司	Joint venture of the Company
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	Joint venture of the Company
Xiangshan Cement and its subsidiaries 淮北礦業相山水泥有限責任公司及其附屬公司	Joint venture of the Company
West Cement 中國西部水泥有限公司	Associate of the Company
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties

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

(i) Transactions with Conch Holdings

	2020 RMB'000	2019 RMB'000
Provision of services and sales of goods	1,904	1,702
Receiving services and purchase of goods	36,548	34,443
Interest expense on lease liabilities	196	49
Purchase of right-of-use assets	–	4,644

As at 31 December 2020, bank loans and other borrowings amounting to RMB3,500,000,000 (31 December 2019: RMB3,500,000,000) are guaranteed by Conch Holdings.

(ii) Transactions with other related parties

	2020 RMB'000	2019 RMB'000
Sales of goods	448,827	262,328
Sales of assets	58,627	21,262
Provision of services	171,851	129,185
Purchase of property, plant and equipment	385,466	330,024
Purchase of materials	2,804,375	2,413,839
Purchase of right-of-use assets	28	26
Interest expense on lease liabilities	60	94
Receiving services	363,898	307,570
Loan lent	27,960	–
Repayment of loan lent	27,960	–
Interest on loans	1,540	1,701

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

(iii) Loan guarantees provided to other related parties

	2020 RMB'000	2019 RMB'000
Papua Cement	855,052	1,014,606
Myanmar Conch	44,043	47,089
	899,095	1,061,695

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	17,431	15,739
Post-employment benefits	178	424
	17,609	16,163

Total remuneration is included in "staff costs" (see note 7(b)).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

44 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of China Conch Venture and its subsidiaries, Conch Holdings, Conch Design Institute, Conch Profiles and Science and its subsidiaries, Conch IT Engineering, WH Conch Hotel, Conch New Materials and its subsidiaries, WH Trading, Conch New Energy and its subsidiaries, Anhui International Trade and its subsidiaries, Jiangsu Material (the Group's subsidiary) and Jinggong Testing above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The continuing connected transactions with Conch Design Institute, Conch New Materials and its subsidiaries and Jiangsu Material are provided in section 6(10) of the Director's Report in accordance with Chapter 14A of the Listing Rules. The other transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

45 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

		31 December 2020		31 December 2019	
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
– Investment property			38,244		39,221
– Other property, plant and equipment			1,415,218		1,455,659
Intangible assets			181,743		26,892
Investments in subsidiaries	17		44,125,097		42,340,478
Interest in joint ventures			1,089,676		1,169,474
Loans and receivables			5,650,857		5,746,973
Financial assets measured at FVOCI	22		391,241		326,096
			52,892,076		51,104,793
Current assets					
Inventories			358,823		262,400
Trade and bills receivables			539,688		188,514
Prepayments and other receivables			4,747,631		5,386,745
Financial assets measured at FVPL			26,882,714		16,782,212
Amounts due from subsidiaries			22,059,368		7,371,443
Amounts due from related parties			84,323		140,531
Bank deposits with original maturity over three months			44,505,000		32,500,000
Cash and cash equivalents			11,598,412		16,010,885
			110,775,959		78,642,730

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

45 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	31 December 2020		31 December 2019	
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade payables		114,238		161,748	
Other payables and accruals		720,744		708,122	
Contract liabilities		75,921		57,332	
Bank loans and other borrowings		1,000		1,000	
Amounts due to subsidiaries		10,654,792		14,940,575	
Amounts due to related parties		39,460		28,008	
Income tax payable		-		191,386	
		11,606,155		16,088,171	
Net current assets					
			99,169,804		62,554,559
Total assets less current liabilities					
			152,061,880		113,659,352
Non-current liabilities					
Bank loans and other borrowings		3,595,870		3,596,554	
Deferred income		11,412		13,939	
Deferred tax liabilities		102,505		141,553	
			3,709,787		3,752,046
NET ASSETS					
			148,352,093		109,907,306
CAPITAL AND RESERVES					
	40(a)				
Share capital		5,299,303		5,299,303	
Reserves		143,052,790		104,608,003	
TOTAL EQUITY					
			148,352,093		109,907,306

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

46 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the directors proposed a final dividend. Further details are disclosed in note 40(b).

47 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2020, the directors consider the immediate parent and ultimate controlling company of the Group to be Conch Holdings and Anhui Provincial Investment Group Limited respectively, which are both state-owned enterprises established in the PRC. These entities do not produce financial statements available for public use.

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

Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
IFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to IFRS 4, <i>Extension of the temporary exemption from applying IFRS 9</i>	1 January 2023
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	No mandatory effective date yet determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



13. Documents for Inspection

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

Anhui Conch Cement Company Limited
25 March 2021

14. Written Confirmation of the Directors, Supervisors and Senior Management on the Annual Report of 2020

Pursuant to the requirements and provisions of Securities Law (as revised in 2019) and No. 2: “Content and Format of Annual Reports” of “Standards of Contents and Format for Information Disclosure of Companies Which are Securities Issuers” (as revised in 2017), as the Directors, Supervisors and members of the senior management of Anhui Conch Cement Company Limited, upon full understanding and review of the annual report of 2020 and summary of the annual report, we are of the view that:

1. the Company has strictly complied with the financial regulations for a joint stock company in its operation, the annual report for year 2020 and its summary have fairly reflected the financial position and operating results of the Company for the year;
2. the audit report of Anhui Conch Cement Company Limited for year 2020 as audited by KPMG Huazhen LLP and KPMG are objective, true and fair.

We warrant that the information disclosed in the annual report for year 2020 and its summary is true, accurate and complete, and we undertake that it does not contain misrepresentation, misleading statement or material omissions, and we are severally and jointly responsible for the truthfulness, accuracy and completeness of its contents.

Name	Position	Name	Position
Gao Dengbang	Chairman and Executive Director	Leung Tat Kwong Simon	Independent non-executive Director
Zhang Yunyan	Independent non-executive Director	Zhang Xiaorong	Independent non-executive Director
Wang Jianchao	Deputy Chairman and Executive Director	Wu Bin	Executive Director and General manager
Li Qunfeng	Executive Director and Deputy general manager	Ding Feng	Non-executive Director
Wu Xiaoming	Chairman of the Supervisory Committee	Wang Pengfei	Supervisor
Liu Tiantian	Employee Supervisor	Li Xiaobo	Deputy general manager
Ke Qiubi	Deputy general manager	Li Leyi	Chief engineer of technical art
Yu Shui	Assistant to general manager and secretary to the Board	Wu Tiejun	Assistant to general manager

25 March 2021

