安徽海螺水泥股份有限公司
ANHUI CONCH CEMENT COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

Results for the year ended 31 December 2019

Revenue of the Company for the year 2019 amounted to approximately RMB157,030.33 million (in accordance with the International Financial Reporting Standards ("IFRSs")), representing an increase of 22.30% over that of 2018.

Net profit attributable to equity shareholders of the Company for the year 2019 amounted to approximately RMB33,629.8 million (in accordance with the IFRSs), representing an increase of 12.63% over that of 2018.

Earnings per share for the year 2019 were RMB6.35 (in accordance with the IFRSs), representing an increase of 12.63% over that of 2018.

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

I. Basic Corporate Information of the Company

1. Basic information

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

2. Contact persons and means of contact

Title	**Joint Company Secretary**	**Securities affairs representative**
Name	Yu Shui	Liao Dan
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II. Summary of Accounting Data and Operation Information

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

(Unit: RMB'000)

Item	2019	2018	2017	2016	2015
Revenue	157,030,328	128,402,626	75,310,820	55,931,901	50,976,036
Net profit attributable to equity shareholders of the Company	33,629,803	29,858,303	15,898,689	8,573,868	7,538,700
Total assets	178,777,182	149,547,352	122,142,585	109,514,121	105,781,392
Total liabilities	36,646,408	33,358,169	30,453,291	29,536,289	32,236,883

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

Table 1: *(Unit: RMB'000)*

Item	2019	2018	Year-on-year change (%) between 2018 and 2019	2017
Revenue	157,030,328	128,402,626	22.30	75,310,820
Profit before taxation	44,556,845	39,629,196	12.43	21,228,756
Net profit attributable to equity shareholders of the Company	33,592,755	29,814,285	12.67	15,854,670
Net profit after extraordinary items attributable to equity shareholders of the Company	32,719,396	29,818,520	9.73	14,077,866
Basic earnings per share (RMB/share)	6.34	5.63	12.67	2.99

Diluted earnings per share (RMB/share)	6.34	5.63	12.67	2.99
Basic earnings per share after extraordinary items (RMB/share)	6.17	5.63	9.73	2.66
Diluted return on net assets (%)	24.46	26.46	Decreased by 2.00 percentage points	17.73
Weighted average return on net assets (%)	27.03	29.66	Decreased by 2.63 percentage points	19.12
Diluted return on net assets after extraordinary items (%)	23.82	26.46	Decreased by 2.64 percentage points	15.75
Weighted average return on net assets after extraordinary items (%)	26.33	29.66	Decreased by 3.33 percentage points	16.97
Net cash flow generated from operating activities	40,738,205	36,058,967	12.98	17,363,027
Net cash flow per share generated from operating activities (RMB/share)	7.69	6.80	12.98	3.28

Table 2: *(Unit: RMB'000)*

Item	**As at 31 December 2019**	**As at 31 December 2018**	**Year-on-year change (%) between 2018 and 2019**	**As at 31 December 2017**
Total assets	178,777,182	149,547,352	19.55	122,142,585
Total equity attributable to equity shareholders of the Company	137,361,682	112,688,916	21.89	89,406,295
Net assets per share attributable to equity shareholders of the Company (RMB/share)	25.92	21.26	21.89	16.87

III. Shareholders

1. Shareholders

(1) As at 31 December 2019, the total number of registered shareholders of the Company was 91,458 of which 88 were registered holders of H Shares. As at 29 February 2020, the total number of registered shareholders of the Company was 135,601 of which 86 were registered holders of H Shares.

(2) As at 31 December 2019, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	**Name of shareholder**	**Nature of shareholder**	**Number of shares held as at 31 December 2019 (share)**	**Percentage of shareholding (%)**	**Class of shares**	**Pledged or frozen**	
						Status	**Number of shares (Share)**
1	Anhui Conch Holdings Co., Ltd.("Conch Holdings")(Note 1)	State-owned legal person	1,928,870,014	36.40	A Share	Nil	-

2	HKSCC Nominees Limited (Note 2)	Foreign legal person	1,298,414,112	24.50	H Share	Unknown	Unknown
3	Hong Kong Securities Clearing Company Limited	Foreign legal person	502,399,515	9.48	A Share	Unknown	Unknown
4	China Securities Finance Corporation Limited	State-owned legal person	158,706,413	2.99	A Share	Unknown	Unknown
5	Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share	Unknown	Unknown
6	Anhui Conch Venture Investment Co., Ltd.	Domestic non-state-owned legal person	46,630,176	0.88	A Share	Nil	-
7	Hillhouse Capital Management Co., Ltd. – HCM China Fund	Others	37,322,610	0.70	A Share	Unknown	Unknown
8	Bank Negara Malaysia	Others	33,275,041	0.63	A Share	Unknown	Unknown
9	The National Social Security Fund 106 Composition	Others	18,934,548	0.36	A Share	Unknown	Unknown
10	Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	15,418,156	0.29	A Share	Unknown	Unknown

Notes:

(1) During 1 January 2019 to 31 December 2019 ("the Reporting Period"), there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.

(2) HKSCC Nominees Limited held 1,298,414,112 H Shares, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.

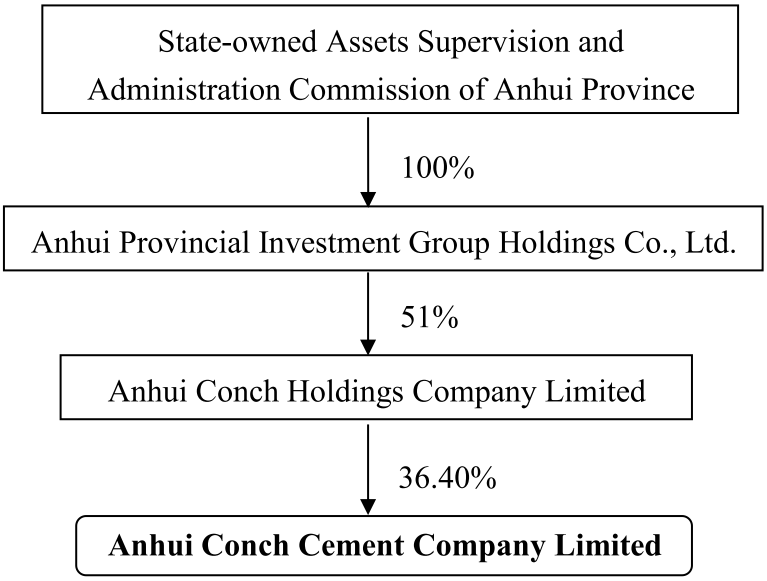
(3) All the above shares are floating shares not subject to trading restrictions.

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

2. Information on the controlling shareholder and de facto controller

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

As at 31 December 2019, Conch Holdings was the controlling shareholder of the Company and State-owned Assets Supervision and Administration Commission of Anhui Province was the de facto controller of the Company. The shareholding relationship structure between the Company and its de facto controller is set out as follows:



3. Purchase, sale or redemption of listed securities

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

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

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

V. Corporate Governance

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

VI. Review of Annual Report

The financial report and results announcement of the Company for the year ended 31 December 2019 have been reviewed by the audit committee of the Board. All of the Directors agree and acknowledge their individual and collective responsibility for preparing the accounts as contained in the financial report for the year under review. The Directors are responsible for the preparation of the financial statements for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the financial performance, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2019, applicable accounting policies have been adopted and applied consistently.

VII. Management Discussion and Analysis on the Operations

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 2019

(1) Overview of operation development

In 2019, in the face of complex domestic and international conditions, the Group focused on the supply-side structural reform of the industry to promote high-quality development. By strengthening research and analysis on the market supply and demand and adhering to the differentiated marketing strategy, the Group reasonably grasped the pace of production and sales and proactively captured market demands, thereby achieving stable increase in the Company's sales volume of cement and clinker and high product price. Moreover, the Group made bulk procurement of raw materials and fuel, optimized resource allocation and strengthened indicator management and control over production and operation, leading to continued improvement of operation quality and recorded historical high in operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue amounted to RMB157,030 million, representing an increase of 22.30% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB33,593 million, representing an increase of 12.67% from that for the corresponding period of the previous year; and earnings per share was RMB6.34, representing an increase of RMB0.71 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, the revenue amounted to RMB157,030 million, representing an increase of 22.30% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB33,630 million, representing an increase of 12.63% from that for the corresponding period of the previous year; and earnings per share was RMB6.35.

During the Reporting Period, the Group continued to carry out the construction of projects in the PRC, completing construction and commencing operation of 2 cement grinding units, 10 aggregates projects, and 3 commercial concrete projects. At the same time, the Group actively and steadily accelerated internationalized development strategy through strengthening its overseas presence and increasing its efforts in overseas market expansion, resulting in significant quality improvement of the overall operation of the projects in operation. The Luangprabang project in Laos completed construction and commenced production, while the projects under construction and projects planned for construction in regions including Southeast Asia, Central Asia have been carried out in an orderly manner. In addition, surrounding the initiative of "The Belt and Road", the Group also continued to step up efforts for surveys and feasibility study for overseas projects, with an aim to secure project reserves.

During the Reporting Period, the Group increased the production capacity of clinker, cement, aggregates and commodity concrete by 900,000 tonnes, 6.25 million tonnes, 16.90 million tonnes and 2.4 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 253 million tonnes, 359 million tonnes, 55.30 million tonnes and 3 million cubic meters respectively.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product and region

Principal activities by industry						
Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products)	109,765,715	58,027,654	47.13	11.29	11.94	Decreased by 0.31 percentage point
Building material industry (trading business)	38,348,548	38,285,906	0.16	52.12	52.13	Decreased by 0.01 percentage point
Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products) – 42.5-grade cement Note 1	79,106,506	42,154,254	46.71	20.34	19.83	Increased by 0.23 percentage point
Building material industry (sale of self-produced products) – 32.5-grade cement	20,444,295	10,522,745	48.53	-19.43	-17.30	Decreased by 1.33 percentage points
Building material industry (sale of self-produced products) –Clinker	9,121,757	4,996,985	45.22	37.61	38.01	Decreased by 0.16 percentage point
Building material industry (sale of self-produced products) – Aggregate and carpolite	1,022,439	300,592	70.60	26.10	20.05	Increased by 1.48 percentage points
Building material industry (sale of self-produced products) – Commercial concrete	70,718	53,078	24.94	-15.06	-18.36	Increased by 3.04 percentage points
Building material industry (trading	38,348,548	38,285,906	0.16	52.12	52.13	Decreased by 0.01

business)						percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products) – East China Note 2	30,823,221	15,571,255	49.48	14.46	13.69	Increased by 0.34 percentage point
Building material industry (sale of self-produced products) – Central China Note 3	34,986,917	17,718,289	49.36	9.90	9.28	Increased by 0.29 percentage point
Building material industry (sale of self-produced products) – South China Note 4	17,835,902	9,447,152	47.03	11.54	12.52	Decreased by 0.46 percentage point
Building material industry (sale of self-produced products) – West China Note 5	22,981,889	13,334,085	41.98	7.68	13.89	Decreased by 3.16 percentage points
Building material industry (sale of self-produced products) – Export	781,604	553,349	29.20	-33.93	-35.87	Increased by 2.14 percentage points
Building material industry (sale of self-produced products) – Overseas	2,356,182	1,403,524	40.43	74.55	46.02	Increased by 11.64 percentage points
Building material industry (trading business)	38,348,548	38,285,906	0.16	52.12	52.13	Decreased by 0.01 percentage point

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

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 432 million tonnes, representing a year-on-year growth of 17.44%. Benefiting from an increase in both composite selling prices and sales volume of products, the revenue generated from principal activities reached RMB148,114 million, representing a year-on-year growth of 19.60%. The operating cost increased by 25.08% year-on-year to RMB96,314 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 2.85 percentage points to 34.97%.

The Group realized a sales volume of self-produced products of cement and clinker of 323 million tonnes, representing a year-on-year growth of 8.60%. The sales revenue from self-produced products amounted to RMB109,766 million, representing a year-on-year growth of 11.29%. The cost of sales of self-produced products increased by 11.94% year-on-year to RMB58,028 million. The consolidated gross profit margin of self-produced products recorded a year-on-year decrease of 0.31 percentage point to 47.13%.

In order to strengthen the development of end-user markets, during the Reporting Period, the Group realised a sales volume of 109 million tonnes for its cement and clinker trading business, representing a year-on-year increase of 54.64%. The revenue from the trading business amounted to RMB38,349 million, representing a year-on-year growth of 52.12%. The cost of the trading business increased by 52.13% year-on-year to RMB38,286 million.

Sales by type of products

During the Reporting Period, the gross profit margins of the Group's 42.5-grade cement and 32.5-grade cement decreased by 1.76 percentage points and 5.09 percentage points year-on-year respectively, while the gross profit margin of clinker decreased by 2.07 percentage points year-on-year, among which, the gross profit margin of the Group's self-produced 42.5-grade cement increased by 0.23 percentage point year-on-year, and the gross profit margins of the Group's self-produced 32.5-grade cement and clinker decreased by 1.33 percentage points and 0.16 percentage point year-on-year, respectively. The consolidated gross profit margin of aggregate and carpolite increased by 1.48 percentage points year-on-year to 70.60%, which was mainly attributable to the stable increase in product selling price as a result of further improvement in the supply-and-demand condition of the aggregate market due to the efforts by the national and local governments to strengthen the management of mineral resources and environmental protection regulation. The consolidated gross profit margin of commercial concrete was 24.94%, representing a year-on-year increase of 3.04 percentage points.

Sales by region

During the Reporting Period, the sales amount of the Group's self-produced products increased by varying degrees between domestic regions due to increase in both composite selling prices and sales volume of products.

In East China and Central China, sales volume rose and prices remained at high level as the overall market demand continued to increase while maintaining stability, and supply-demand relationship continued to improve; as a result sales amount in East China and Central China increased by 14.46% and 9.90% year-on-year respectively, while gross profit margins rose by 0.34 percentage point and 0.29 percentage point year-on-year respectively.

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 11.54% in sales amount; gross profit margin decreased by 0.46 percentage point year-on-year.

In West China, the Group actively expanded the market and captured effective market demand; as a result, sales volume increased steadily, while sales amount increased by 7.68% year-on-year; gross profit margin decreased by 3.16 percentage points year-on-year.

Affected by the periodic shortage in clinker resources in the domestic market, the export sales volume decreased by 41.63% year-on-year and export sales amount dropped by 33.93% year-on-year. With the successive completion and inauguration of overseas projects, and continued improvement of sales market network, overseas project companies recorded year-on-year increases of 52.17% and 74.55% in sales volume and sales amount respectively.

2. Profit analysis

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

Items	Amount		Change from that of the corresponding period of the previous year (%)
	2019 (RMB'000)	2018 (RMB'000)	
Revenue from principal activities	148,114,263	123,840,654	19.60
Profit from operations	44,057,338	39,882,356	10.47
Profit before taxation	44,556,845	39,629,196	12.43
Net profit attributable to equity shareholders of the Company	33,592,755	29,814,285	12.67

During the Reporting Period, due to the year-on-year increase in the selling prices of the Company's products and the impact of the trading income, the revenue from principal activities increased by 19.60% year-on-year. Benefiting from this, 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 10.47%, 12.43% and 12.67% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for 2019 and their year-on-year changes

Items	2019		2018		Change in costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/ tonne)	Percent -age (%)	Unit costs (RMB/ tonne)	Percent- age (%)		
Raw materials	44.17	24.75	36.52	21.09	20.95	3.66
Fuel and power	94.47	52.93	98.97	57.16	-4.55	-4.20
Depreciation expense	12.03	6.74	12.07	6.97	-0.33	-0.23
Labor cost and others	27.80	15.58	25.58	14.78	8.68	0.79
Total	**178.47**	**100**	**173.14**	**100**	**3.08**	**-**

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

During the Reporting Period, the consolidated costs of the Company's cement and clinker increased by 3.08% year-on-year, which was mainly due to changes in product sales structure, increase in purchasing external clinker and increase in purchasing price of raw materials.

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

Expenses for the period	2019 amount (RMB'000)	2018 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	4,416,575	3,733,295	18.30	2.98	3.01	-0.03
Administrative expenses	4,741,154	3,752,167	26.36	3.20	3.03	0.17
Research and development expenses	187,199	70,967	163.78	0.13	0.06	0.07
Financial expenses (income is stated in negative)	-1,338,169	-474,091	-182.26	-0.90	-0.38	-0.52
Total	**8,006,759**	**7,082,338**	**13.05**	**5.41**	**5.72**	**-0.31**

During the Reporting Period, the Group's research and development expenses increased by 163.78% on a year-on-year basis, mainly due to a year-on-year increase in the research and development expenses used by the Group's subsidiaries for rotary kiln technology and development of desulfurization technology. The Group's financial expenses decreased by 182.26% on a year-on-year basis, mainly due to a year-on-year increase in the Group's interest income. Selling expenses and administrative expenses increased by 18.30% and 26.36% year-on-year, respectively, mainly due to the increase in sales volume of the Group's products and increase in salary expenses respectively.

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 5.41%, representing a year-on-year decrease of 0.31 percentage point. The decrease was mainly attributable to the increase in the revenue generated from principal activities. 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 7.29%, basically maintained at similar level of that of the corresponding period of last year.

4. Financial position

Asset and liability overview

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

Items	As at 31 December 2019 (RMB'000)	As at 31 December 2018 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	58,858,416	60,320,464	-2.42
Current and other assets	119,918,766	89,226,888	34.40
Total assets	178,777,182	149,547,352	19.55
Current liabilities	27,421,190	26,151,961	4.85
Non-current liabilities	9,035,543	6,977,517	29.50
Total liabilities	36,456,733	33,129,478	10.04
Non-controlling interests	4,958,767	3,728,958	32.98
Equity attributable to equity shareholders of the Company	137,361,682	112,688,916	21.89
Total liabilities and equity	**178,777,182**	**149,547,352**	**19.55**

As at the end of the Reporting Period, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB178.777 billion, representing an increase of 19.55% as compared to those at the end of the previous year. Total liabilities amounted to RMB36.457 billion, representing an increase of 10.04% as compared to those at the end of the previous year; in which the current liabilities amounted to RMB27.421 billion, representing an increase of 4.85% as compared to those at the end of the previous year; and non-current liabilities amounted to RMB9.036 billion, representing an increase of 29.50% as compared to those at the end of the previous year, which was mainly due to the increase in the Company's long-term borrowings. As at 31 December 2019, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 20.39%, representing a decrease of 1.76 percentage points as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB137.362 billion, representing an increase of 21.89% as compared to that at the end of the previous year; shareholders' equity attributable to minority shareholders amounted to RMB4.959 billion, representing an increase of 32.98% 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 RMB25.92, representing an increase of RMB4.66/share as compared to that at the end of the previous year.

As at 31 December 2019, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB97.110 billion and RMB27.421 billion respectively, with a current ratio of 3.54:1 (corresponding period last year: 2.76:1). 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 RMB97.212 billion and RMB27.421 billion respectively, with a net gearing ratio of -0.072 (corresponding period last year: 0.003). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

Liquidity and source of funds

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

	As at 31 December 2019 (RMB'000)	**As at 31 December 2018 (RMB'000)**
Due within 1 year	3,917,815	4,128,170
Due after 1 year but within 2 years	991,555	779,710
Due after 2 years but within 5 years	2,524,737	1,266,955
Due after 5 years	355,000	559,917
Total	**7,789,107**	**6,734,752**

As at the end of the Reporting Period, accumulated balance of the Group's bank borrowings were RMB7.789 billion, representing an increase of RMB1.054 billion as compared to those at the beginning of the year. The increase was mainly attributable to the new loans of certain overseas subsidiaries for construction of new projects during the Reporting Period.

Save for the aforesaid borrowings, the Group had corporate bonds in a principal amount of RMB3.499 billion which would be due after 2 years but within 5 years.

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

Analysis of cash flow

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

	2019 (RMB'000)	**2018 (RMB'000)**	**Changes (%)**
Net cash flow generated from operating activities	40,738,205	36,058,967	12.98
Net cash flow generated from investment activities	-20,688,848	-25,669,697	-19.40
Net cash flow generated from financing activities	-7,911,895	-10,980,002	-27.94
Effect of exchange rate movement on cash and cash equivalents	19,011	19,472	-2.37

Net increase in cash and cash equivalents	12,156,473	-571,260	2,228.01
Balance of cash and cash equivalents at the beginning of the year	9,857,672	10,428,932	-5.48
Balance of cash and cash equivalents at the end of the year	22,014,145	9,857,672	123.32

During the Reporting Period, the Group's net cash flow generated from operating activities amounted to RMB40.738 billion, representing a year-on-year increase of RMB4.679 billion. Such increase was mainly due to the increase in the Group's operating revenue.

During the Reporting Period, the Group's net cash outflow from investment activities decreased by RMB4.981 billion as compared to that of last year, mainly due to the recovery of the Group's matured fixed term deposits with a maturity of over three months and wealth management funds.

During the Reporting Period, the Group's net cash outflow from financing activities decreased by RMB3.068 billion as compared to that of last year, primarily because the Group repaid RMB2.5 billion of matured corporate bonds in the previous year while no such payment was made this year.

5. Capital expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB9.082 billion, which was primarily used in the construction of cement and clinker production lines, the technology modification in respect of 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 of projects.

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

	As at 31 December 2019 (RMB'000)	As at 31 December 2018 (RMB'000)
Authorized and contracted for	3,979,444	1,089,377
Authorized but not contracted for	871,538	1,426,958
Total	**4,850,982**	**2,516,335**

OUTLOOK FOR 2020

2020 marks the last year for building a moderately prosperous society in all aspects and implementing the "Thirteenth Five-Year Plan". It is expected that the PRC government will adhere to the main theme of "making steady progress while maintaining stability", and ensure effective epidemic prevention and control and economic and social development, and continue to embrace new development concepts. Continuing to pursue supply-side structural reform as the main task and leverage opening and reform as the prime engine, the central government is expected to promote high-quality economic development, resolutely win the three tough battles (i.e. targeted poverty alleviation, pollution control and preventing major risks) and keep employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable, and minimize the impact of the epidemic, thereby striving to achieve the goals of economic and social development for the year.

In 2020, the State will accelerate the implementation of regional development strategies, improve regional policies and geographic layout, promote the implementation of major national strategies such as the coordinated development of Beijing, Tianjin, and Hebei, the integrated development of the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Xiong'an New Area, and implement measures to promote environmental protection of the Yangtze River Economic Belt. At the same time, the State will enhance the construction of municipal pipeline networks and urban parking lots, and accelerate the construction of rural roads, water conservation projects, and other infrastructure projects. In addition, due to the impact of the COVID-19 outbreak, infrastructure construction is expected to play a greater role in counter-cyclical growth stabilization. Greater efforts will be made to commence construction of new investment projects, while progress of construction of projects under construction will be expedited; the expected increase in the issuance of local governments' special purpose bonds, coupled with accelerating issuance of urban investment bonds will promote the continuous recovery of infrastructure investment growth. In respect of the property sector, the central government clearly stipulated that property investment would not be used as a means of stimulating the economy in the short run, and austerity measures will be aimed at maintaining "stability". Property investment growth will remain relatively resilient. As such, the strong support for cement demand is expected to sustain. Meanwhile, the State will continue to deepen the supply-side structural reform. 2020 is the last year of the Three-Year Action Plan Aims for Blue Skies. Environmental regulation on air pollution will not be relaxed, and local governments will tighten their control measures. In addition, the ongoing impacts from policies such as off-peak season production, energy conservation and emission reduction, and mine management will help balance the supply-demand relationship in the cement industry.

In respect of investment and development, the Group will adhere to high quality development, and seize the opportunities arising from "The Belt and Road" initiative to actively and steadily implement its internationalization development strategies. The Group will consistently improve the operational quality of its overseas projects that have been put into operation, accelerate the construction of contracted projects, and continue to carry out feasibility study to secure potential project reserves. On the aspect of domestic development, the Group will grasp the favorable opportunities brought by the supply-side structural reforms on the industry and the State's tightened environmental protection regulation, to actively identify suitable targets for merger and acquisition, coordinate development plans, fine-tune market planning, and further strengthen its dominance in regional markets. The Group will speed up the industrial chain extension, actively push forward the development of large-scale aggregate projects, steadily expand the concrete business, test-drive its venture into prefabricated construction business, with an aim to cultivate new growth drivers.

In 2020, the Group's planned capital expenditures will amount to approximately RMB10.0 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 4.50 million tonnes and 7.70 million tonnes respectively (excluding those acquired from mergers and acquisitions) for the full year.

In terms of operation and management, the Group will pay close attention to the macroeconomic situations at home and abroad, continuously monitor the impacts of the COVID-19 outbreak on the Company's production and operation, conduct in-depth study on market supply-demand relationship, adhere to the differentiated marketing strategy, coordinate optimized allocation of resources and continue to enhance the development of the end-user market; it will fully leverage the fundamental role of material procurement in cost control, strengthen the control of key resources, accelerate the development of alternative resources, intensify the expansion of key channels, persistently consolidate strategic cooperation with large coal companies, and explore resource channels via long-term agreement. In an effort to comply with the State's decision to plan for ecological civilization construction, the Group will sustain its implementation of environmental protection technological modification, increase environmental protection investment, carry out forward-looking development and application of cutting-edge environmental protection technologies, so as to consolidate its comparative advantage. Committed to being innovation-driven, the Group will push forward technology upgrade and modification that meet the requirements for intelligentization, informatization, and environmental protection; it will enhance the development and application of new technologies by accelerating the transformation of research outcome into innovations; it will step up efforts to push forward the construction of smart factories, and to strengthen its core competitiveness. The Group will speed up the development of talent echelon and constantly optimize its incentive mechanism to stimulate employees' creativity and innovation, with an aim to promote the Company's high-quality development.

The Group plans to achieve a net sales volume of 318 million tonnes (net of trading volume) of cement and clinker for 2020, basically maintained similar level of that of the previous year. It is expected that the cost of products per tonne and the expenses of products per tonne will remain generally stable.

In 2020, the Group may be exposed to the following three major risks:

1. The cement industry in which the Company operates is relatively highly dependent on the construction industry and is relatively closely related to the growth rates of fixed asset investment and property investment. Risk factors such as the continued decline in the growth rate of fixed asset investment, increased pressure on local governments to repay debts, insufficient funding for major engineering projects, and continued cooling in land purchases may have impact on the cement market demand. In addition, the COVID-19 outbreak may have certain impact on the periodic market demand.

To address the above-mentioned risks, the Group will closely monitor changes in the country's macro-economic conditions, continue to pay close attention to the impacts of the COVID-19 outbreak on the Company's production and operation, 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 market demands driven by the government's policy to use infrastructure investment to boost economic growth, in an effort to increase its market share.

2. 2020 is the last year of the Three-Year Action Plan Aims for Blue Skies. The State's environmental regulation on air pollution will be increasingly tightened, and local governments will continue to step up efforts in pollution prevention and control, imposing more stringent requirements in the environmental protection management for enterprises. While the aforesaid will help promoting high-quality development, it is expected to lead to increasing production and operation costs for enterprises.

To address the above-mentioned risks, the Group will strictly comply with the State's laws and regulations in relation to environmental protection, continue to enhance fundamental environmental protection management, increase investment in environmentally-friendly technology modification, continue to implement the improvement of wet desulphurization, steadily push forward the improvement of SCR denitration, accelerate the modification of dust collection of production lines, lower particulate emission, expedite the technology improvement of noise abatement, and proactively carry out research and development of advanced environmental protection technologies, so as to improve the overall environmental protection management and further consolidate the Group's leading advantage in environmental protection.

3. The cost of coal and electricity accounts for over 50% 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 procurement of high-quality resources, and coordinating cross-regional planning and allocation of coal resources. Meanwhile, the Group will strengthen technology 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.

VIII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 2019 amounted to RMB33,592.76 million and RMB33,629.80 million respectively. The Board of the Company proposed the appropriation of the profit for the period ended 31 December 2019 as follows:

(1) Pursuant to the requirements of the Company Law of the PRC and the Articles of the Association of the Company, the Company shall allocate 10% of its profit after tax for the year to the statutory surplus reserve, provided that no allocation is required if the accumulated statutory surplus reserve exceeds 50% of the registered capital of the Company. As the statutory surplus reserve had reached 50% of the registered capital of the Company, no allocation was made for the year 2019.

(2) Based on the Company's total number of issued shares of 5,299,302,579 shares as at 31 December 2019, the payment of a final dividend of RMB2.0 per share (tax inclusive) is proposed, totaling RMB10,598.61 million.

(3) The date of payment of final dividend to the holders of the Company's H Shares is expected to be around Wednesday, 24 June 2020. Details of the payment of final dividend will be included in the circular of the Company in respect of profit appropriation and other matters to be despatched to its shareholders in due course.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2019.

IX. Financial Information

Financial information extracted from the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2019 and audited consolidated statement of financial position of the Group as at 31 December 2019 together with the 2018 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss

for the year ended 31 December 2019

	Note	*2019* RMB'000	*2018 (note)* RMB'000
Revenue	*4(3)*	157,030,328	128,402,626
Cost of sales and services rendered		(106,124,123)	(82,641,576)
Gross profit		50,906,205	45,761,050
Other revenue	*4(4)*	3,316,740	2,593,573
Other net income/(loss)	*4(4)*	491,044	(885,346)
Selling and marketing costs		(4,416,575)	(3,733,295)
Administrative expenses		(6,109,168)	(4,037,662)
Profit from operations		44,188,246	39,698,320
Finance costs	*4(5)(a)*	(446,008)	(483,382)
Share of profits of associates		381,610	230,767
Share of profits of joint ventures		472,013	229,614
Profit before taxation	*4(5)*	44,595,861	39,675,319
Income tax	*4(6)(b)*	(10,204,839)	(8,993,181)
Profit for the year		34,391,022	30,682,138

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

for the year ended 31 December 2019

	Note	*2019*	*2018(note)*
		RMB'000	RMB'000
Attributable to:			
Equity shareholders of the Company		33,629,803	29,858,303
Non-controlling interests		761,219	823,835
Profit for the year		34,391,022	30,682,138
Earnings per share	*4(8)*		
Basic		RMB6.35	RMB5.63
Diluted		RMB6.35	RMB5.63

Note: The Group has initially applied IFRS 16 as from 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

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

for the year ended 31 December 2019

	Note	*2019*	*2018 (note)*
		RMB'000	RMB'000
Profit for the year		34,391,022	30,682,138
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(3,270)	(152,047)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		31,816	(15,523)
Share of other comprehensive income of investees		10,014	(13,050)
Other comprehensive income for the year		38,560	(180,620)
Total comprehensive income for the year		34,429,582	30,501,518
Attributable to:			
Equity shareholders of the Company		33,663,063	29,677,379
Non-controlling interests		766,519	824,139
Total comprehensive income for the year		34,429,582	30,501,518

Note: The Group has initially applied IFRS 16 as from 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

3. Consolidated statement of financial position

	Note	31 December 2019		31 December 2018 (note)	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
- Investment properties			85,734		64,950
- Other property, plant and equipment			70,163,505		63,646,686
- Lease prepayments			-		5,024,099
Intangible assets			5,048,093		3,450,932
Goodwill			514,398		514,398
Interests in associates			2,057,501		1,782,230
Interests in joint ventures			1,763,112		1,399,760
Loans and receivables			374,312		259,414
Long-term prepayments			133,000		-
Financial assets measured at fair value through other comprehensive income			326,096		258,680
Deferred tax assets			1,099,391		953,856
			81,565,142		77,355,005
Current assets					
Inventories		5,571,523		6,022,717	
Assets held for sale		9,811		62,640	
Trade receivables	*4(9)*	12,995,665		14,361,418	
Financial assets measured at fair value through profit and loss		16,782,737		25,140	
Prepayments and other receivables		6,495,639		13,752,887	
Amounts due from related parties		347,819		283,489	
Tax recoverable		31,768		64,949	
Restricted cash deposits		459,336		257,838	
Bank deposits with original maturity over three months		32,503,597		27,503,597	
Cash and cash equivalents		22,014,145		9,857,672	
		97,212,040		72,192,347	

3. Consolidated statement of financial position (contd.)

	Note	31 December 2019		31 December 2018 (note)	
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade payables	*4(10)*	7,145,833		6,341,351	
Other payables and accruals		8,248,581		7,940,936	
Current portion of long-term payables		437,358		-	
Contract liabilities		3,492,486		3,312,151	
Bank loans and other borrowings		3,917,815		4,128,170	
Lease liabilities		20,275		-	
Amounts due to related parties		263,521		273,228	
Current taxation		3,895,321		4,156,125	
		27,421,190		26,151,961	
Net current assets			69,790,850		46,040,386
Total assets less current liabilities			151,355,992		123,395,391
Non-current liabilities					
Bank loans and other borrowings		7,369,346		6,105,332	
Lease liabilities		34,833		-	
Long-term payables		458,132		-	
Deferred income		639,134		634,579	
Deferred tax liabilities		723,773		466,297	
			9,225,218		7,206,208
NET ASSETS			142,130,774		116,189,183

3. Consolidated statement of financial position (contd.)

	Note	*31 December 2019*		*31 December 2018 (note)*	
		RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES					
Share capital			5,299,303		5,299,303
Reserves			131,887,099		107,177,285
Total equity attributable to equity shareholders of the Company			137,186,402		112,476,588
Non-controlling interests			4,944,372		3,712,595
TOTAL EQUITY			142,130,774		116,189,183

Approved and authorised for issue by the board of directors on 20 March 2020.

Note: The Group has initially applied IFRS 16 as from 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

4. Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments;
- bank acceptance notes receivable measured at fair value through other comprehensive income; and
- derivative financial instruments

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

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

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

(2) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

FRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, determining whether an arrangement contains a lease, SIC 15, Operating leases – incentives, and SIC 27, evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

(2) Changes in accounting policies (contd.)

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and the initial application has no cumulative effect on the opening balance of equity at 1 January 2019.Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. 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.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was from 3.98-7.50%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(A) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(B) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

(2) Changes in accounting policies (contd.)

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	78,706
Less: short-term leases and other leases with remaining lease term ended on or before 31 December 2019	(812)
	77,894
Less: total future interest expenses	(17,264)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	60,630
Total lease liabilities recongnised at 1 January 2019	60,630

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

(2) Changes in accounting policies (contd.)

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

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 consolidated statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	*Capitalisation of operating lease contracts*	*Reclassi-fication*	*Carrying amount at 1 January 2019*
	RMB'000	RMB'000	RMB'000	RMB'000
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:				
Other property, plant and equipment	63,646,686	48,227	5,036,502	68,731,415
Lease prepayments	5,024,099	12,403	(5,036,502)	-
Total non-current assets	77,355,005	60,630	-	77,415,635
Lease liabilities (current)	-	18,979	-	18,979
Current liabilities	26,151,961	18,979	-	26,170,940
Net current assets	46,040,386	(18,979)	-	46,021,407
Total assets less current liabilities	123,395,391	41,651	-	123,437,042
Lease liabilities (non-current)	-	41,651	-	41,651
Total non-current liabilities	7,206,208	41,651	-	7,247,859
Net assets	116,189,183	-	-	116,189,183

(2) Changes in accounting policies (contd.)

(iii) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. The capital element is classified as financing cash outflow, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a slight change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to be applied to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

(2) Changes in accounting policies (contd.)

	2019				2018
	Amounts reported under IFRS 16	*Add back: IFRS 16 depreciation and interest expense*	*Deduct: Estimated amounts related to operating leases as if under IAS 17 (note 1)*	*Hypothetical amounts for 2019 as if under IAS 17*	*Compared to amounts reported for 2018 under IAS 17*
	(A)	(B)	(C)	(D=A+B+C)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial result for the year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	44,188,246	20,974	(22,909)	44,186,311	39,698,320
Finance costs	(446,008)	2,798	-	(443,210)	(483,382)
Profit before taxation	44,595,861	23,772	(22,909)	44,596,724	39,675,319
Profit for the year	34,391,022	23,772	(22,909)	34,391,885	30,682,138
Reportable segment profit (profit before taxation) for the year ended 31 December 2019 (note 4(3)(b)) impacted by the adoption of IFRS 16:					
-East	5,253,523	9,972	(9,771)	5,253,724	5,106,939
-Central	30,367,478	8,764	(8,178)	30,368,064	33,578,990
-South	6,737,349	4,423	(4,381)	6,737,391	6,310,737
-West	5,848,566	-	-	5,848,566	7,832,772
-Overseas	473,728	613	(579)	473,762	(92,660)

(2) Changes in accounting policies (contd.)

	2019			*2018*
	Amounts reported under IFRS 16 (A)	*Estimated amounts related to operating leases as if under IAS 17 (notes 1&2)* (B)	*Hypothetical amounts for 2019 as if under IAS 17* (C=A+B)	*Compared to amounts reported for 2018 under IAS 17*
	RMB'000	RMB'000	RMB'000	RMB'000
Line items in the condensed consolidated cash flow statement for the year ended 31 December 2019 impacted by the adoption of IFRS 16:				
Cash generated from operations	51,057,636	(22,909)	51,034,727	42,972,413
Interest paid	(428,984)	2,798	(426,186)	(556,226)
Net cash generated from operating activities	40,309,221	(20,111)	40,289,110	35,502,740
Capital element of lease rentals paid	(20,111)	20,111	-	-
Net cash used in financing activities	(7,482,911)	20,111	(7,462,800)	(10,423,775)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still been applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still been applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 had still applied.

(iv) Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and / or for capital appreciation ("leasehold investment properties"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be stated at cost.

(2) Changes in accounting policies (contd.)

(v) Lessor accounting

In addition to leasing out the investment properties referred to in paragraph (iv) above, the Group leases out a number of items of machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

(3) Revenue and segment reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	2019	*2018*
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by service lines		
Sales of clinker and cement products	109,765,715	98,631,060
Trading of clinker and cement products	38,348,548	25,209,594
Trading of other materials	8,624,507	4,316,674
Service income	291,558	245,298
	157,030,328	128,402,626
Disaggregated by geographical location of customers		
Eastern China	47,439,666	39,648,021
Central China	53,151,970	42,629,853
Southern China	22,493,348	15,925,313
Western China	31,239,428	28,619,793
Overseas	2,705,916	1,579,646
	157,030,328	128,402,626

(3) Revenue and segment reporting (contd.)

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

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

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

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

(b) Segment reporting

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

(i) Segment results, assets and liabilities

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

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

(3) Revenue and segment reporting (contd.)

Disaggregation of revenue from contracts with customers by the type and timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

For the year ended 31 December 2019

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

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2019

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

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2018

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Elimination*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	29,846,333	31,687,635	14,421,323	21,456,876	1,489,971	98,902,138	-	98,902,138
Trading	9,732,521	10,804,833	1,494,707	7,133,454	89,675	29,255,190	-	29,255,190
Service Income	69,167	137,385	9,283	29,463	-	245,298	-	245,298
Revenue from external customers	**39,648,021**	**42,629,853**	**15,925,313**	**28,619,793**	**1,579,646**	**128,402,626**	**-**	**128,402,626**
Disaggregated by timing of revenue recognition								
Point in time	39,578,854	42,492,468	15,916,030	28,590,330	1,579,646	128,157,328	-	128,157,328
Over time	69,167	137,385	9,283	29,463	-	245,298	-	245,298
Revenue from external customers	**39,648,021**	**42,629,853**	**15,925,313**	**28,619,793**	**1,579,646**	**128,402,626**	**-**	**128,402,626**
Inter-segment revenue	6,445,812	24,296,220	611,724	358,902	-	31,712,658	(31,712,658)	-
Reportable segment revenue	46,093,833	66,926,073	16,537,037	28,978,695	1,579,646	160,115,284	(31,712,658)	128,402,626
Reportable segment profit (profit before taxation)	5,106,939	33,578,990	6,310,737	7,832,772	(92,660)	52,736,778	(13,107,583)	39,629,195

(3) **Revenue and segment reporting (contd.)**

For the year ended 31 December 2018

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Elimination*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	13,040	1,199,607	6,201	16,696	3,519	1,239,063	(162,517)	1,076,546
Interest expense	(20,658)	(331,814)	(22,959)	(107,814)	(156,556)	(639,801)	156,419	(483,382)
Depreciation and amortisation for the year	(462,289)	(2,070,634)	(718,989)	(1,497,251)	(220,228)	(4,969,391)	15,978	(4,953,413)
Impairment losses of property, plant and equipment	(3,930)	(42,614)	-	(150,892)	(2,853)	(200,289)	-	(200,289)
Reportable segment assets (including interests in associates and joint ventures)	16,999,461	120,819,735	12,797,942	27,837,055	9,489,193	187,943,386	(38,396,034)	149,547,352
Investment in associates and joint ventures	-	1,356,367	-	1,731,031	94,592	3,181,990	-	3,181,990
Additions to non-current segment assets during the year	431,652	2,439,471	1,514,391	692,386	983,981	6,061,881	-	6,061,881
Reportable segment liabilities	11,150,306	16,001,696	1,906,839	12,872,603	8,525,856	50,457,300	(17,327,821)	33,129,479

(3) Revenue and segment reporting (contd.)

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

	2019 RMB'000	*2018 (note)* RMB'000
Revenue		
Reportable segment revenue	157,030,328	128,402,626
Consolidated revenue	157,030,328	128,402,626

	2019 RMB'000	*2018 (note)* RMB'000
Profit		
Reportable segment profit (profit before taxation)	44,556,845	39,629,195
Difference between CAS and IFRS*	39,016	46,124
Consolidated profit before taxation	44,595,861	39,675,319

	2019 RMB'000	*2018 (note)* RMB'000
Assets		
Reportable segment assets	178,777,182	149,547,352
Consolidated total assets	178,777,182	149,547,352

	2019 RMB'000	*2018 (note)* RMB'000
Liabilities		
Reportable segment liabilities	36,456,734	33,129,479
Difference between CAS and IFRS*	189,674	228,690
Consolidated total liabilities	36,646,408	33,358,169

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

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

(3) Revenue and segment reporting (contd.)

(iii) Geographic information

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

	Revenue from external customers		*Specified non-current assets*	
	2019	*2018*	*2019*	*2018*
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	152,894,657	126,074,679	71,894,284	69,836,406
Others	4,135,671	2,327,947	8,347,807	6,445,450
	157,030,328	128,402,626	80,242,091	76,281,856

(4) Other revenue and other net income/ (loss)

	2019	*2018*
	RMB'000	RMB'000
Other revenue		
Interest income on financial assets measured at amortised cost	1,588,832	1,076,546
Subsidy income*	1,401,192	1,318,923
Investment income on wealth management products issued by bank	326,716	198,104
	3,316,740	2,593,573

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

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

	2019 RMB'000	*2018* RMB'000
Other net income /(loss)		
Net loss on disposal of property, plant and equipment	(68,356)	(46,643)
Net (loss)/ gain on disposal of lease prepayment	-	(7,542)
Net realised and unrealised (loss)/gain on derivative financial instruments	(24,615)	22,834
Net realised and unrealised gain on wealth management products	282,212	-
Net gain on disposal of a subsidiary and liquidation of investment in an associate	28,742	-
Net exchange gain/(loss)	205,689	(113,970)
Others	67,372	(740,025)
	491,044	(885,346)

(5) Profit before taxation

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

	2019 RMB'000	*2018* RMB'000
(a) Finance costs		
Interest expense on financial liabilities not at fair value through profit or loss	447,099	522,650
Less: Interest expense capitalised into construction-in-progress*	(1,091)	(39,268)
	446,008	483,382

* The borrowing costs have been capitalised at rates of 2.48% (2018: 2.65% ~ 5.99%).

(5) Profit before taxation (contd.)

	2019 RMB'000	*2018* RMB'000
(b) Staff costs*		
Salaries, wages and other benefits	6,658,933	5,426,643
Contributions to defined contribution retirement plans	556,312	503,057
Annuity	233,650	218,674
	7,448,895	6,148,374

(c) Other items	*2019* RMB'000	*2018 (note)* RMB'000
Amortisation		
lease prepayments	-	131,005
intangible assets	203,535	175,109
Depreciation		
investment properties	2,979	1,519
property, plant and equipment	5,064,449	4,645,780
Impairment losses		
trade receivables	7,011	1,338
prepayments and other receivables	-	1,094
property, plant and equipment	1,164,210	200,289
inventories	-	6,702
Auditors' remuneration		
audit services	5,500	5,262
other services	195	71
Research and development costs (other than amortisation costs)	187,199	70,967
Cost of inventories*	104,449,113	81,061,621

* Cost of inventories includes RMB8,269,931,000 (2018: RMB7,544,505,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

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

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

	2019 RMB'000	*2018* RMB'000
Current tax		
Provision for the year	10,112,599	9,124,625
(Over)/under -provision in respect of prior years	(20,791)	22,379
	10,091,808	9,147,004
Deferred tax		
Origination and reversal of temporary differences	113,031	(153,823)
	10,204,839	8,993,181

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:

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

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

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

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

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 2019 (2018: 15%).

(ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise.

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

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

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

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

Note:

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

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

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

	2019 RMB'000	*2018* RMB'000
Profit before taxation	44,595,861	39,675,319
Notional tax on profit before taxation calculated at 25% (2018: 25%)	11,148,965	9,918,830
Tax effect of subsidiaries subject to tax rates other than 25%	(766,080)	(838,350)
Tax effect of non-deductible expenses	12,957	41,597
Tax effect of non-taxable income	(221,314)	(136,188)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	12,268	(7,603)
(Over)/under-provision in respect of prior years	(20,791)	22,379
Others	38,834	(7,484)
Actual tax expense	10,204,839	8,993,181

(7) Dividends

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

	2019 RMB'000	*2018* RMB'000
Final dividend proposed after the statement of financial position date of RMB2.00 (2018: RMB1.69) per ordinary share	10,598,605	8,955,821

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

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

	2019 RMB'000	*2018* RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB1.69 (2018: RMB1.2) per ordinary share	8,955,821	6,359,163

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2019 of RMB33,629,803,000 (2018: RMB29,858,303,000) and the weighted average number of shares in issue during the year ended 31 December 2019 of 5,299,303,000 shares (2018: 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 2019 and 31 December 2018, therefore, diluted earnings per share is the same as the basic earnings per share.

(9) Ageing analysis of trade receivables

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

	31 December 2019	*31 December 2018*
	RMB'000	RMB'000
Within 1 year	1,257,023	1,224,498
1 to 2 years	12,654	2,683
2 to 3 years	-	-
More than 3 years	-	-
	1,269,677	1,227,181

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

(10) Ageing analysis of trade payables

Included in trade payables are trade creditors with the following ageing analysis based on invoice date as of the statement of financial position date:

	31 December 2019	*31 December 2018*
	RMB'000	RMB'000
Within 1 year (inclusive)	7,136,013	6,330,341
Between 1 year and 2 years (inclusive)	6,270	4,938
Between 2 years and 3 years (inclusive)	89	622
Over 3 years	3,461	5,450
	7,145,833	6,341,351

(11) Contingent liabilities

At 31 December 2019, the Company has issued guarantees to banks in respect of bank loans of its subsidiaries amounting to RMB7,738,858,000 (2018: RMB6,722,287,000). The Company has issued guarantees to banks in respect of banking facilities of its subsidiaries amounting to RMB1,945,133,000 (2018: RMB850,896,000). The directors do not consider it probable that a claim will be made against the Company under any of these guarantees.

At 31 December 2019, outstanding letters of credit issued by the Group amounted to RMB 145,297,000 (2018: RMB92,291,000). The directors do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2019, the Group has issued guarantees to banking facilities of its related parties, PT SDIC Papua Cement Indonesia and Myanmar Conch Cement Co., Ltd., amounting to RMB 1,061,695,000 in aggregate (2018: RMB995,992,000). These facilities were utilised to the extent of RMB1,061,695,000 (2018: RMB995,992,000) as at 31 December 2019. The directors do not consider it probable that a claim will be made against the Group under any of these guarantees.

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

Wuhu City, Anhui Province, the PRC
20 March 2020

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