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CHINA TIANRUI GROUP CEMENT COMPANY LIMITED
中國天瑞集團水泥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1252)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Summary/Financial Highlights	For the year ended 31 December		Percentage of Change (%)
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	
Revenue	12,170,754	12,087,532	0.7%
Gross profit	4,197,961	4,507,370	-6.9%
EBITDA	4,719,579	4,867,561	-3.0%
Profit	1,970,450	1,934,505	1.9%
Of which: Profit attributable to owners of the Company	<u>1,860,580</u>	<u>1,819,423</u>	<u>2.3%</u>
Basic earnings per share (<i>RMB</i>)	<u>0.63</u>	<u>0.62</u>	<u>2.3%</u>
	As at 31 December		
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	
Total assets	32,439,501	32,324,304	0.4%
Of which: Current assets	15,981,644	14,728,324	8.5%
Total liabilities	17,616,603	19,348,713	-9.0%
Of which: Current liabilities	13,426,148	12,358,194	8.6%
Total equity	14,822,898	12,975,591	14.2%
Of which: Equity attributable to owners of the Company	<u>14,694,050</u>	<u>12,839,563</u>	<u>14.4%</u>

The board (the “**Board**”) of directors (the “**Directors**”) of China Tianrui Group Cement Company Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the “**Group**”, “**our Group**”, “**our**” or “**we**”) for the year ended 31 December 2020 (the “**Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	4, 5	12,170,754	12,087,532
Cost of sales		<u>(7,972,793)</u>	<u>(7,580,162)</u>
Gross profit		4,197,961	4,507,370
Other income	6	506,284	580,485
Other gains and losses	7	144,802	(137,545)
Share of results of associates		93,458	(168,003)
Impairment losses under expected credit loss model, net of reversal	8	(12,105)	(7,049)
(Loss)/gain from changes in fair value of financial assets at fair value through profit or loss		(66,094)	18,458
Distribution and selling expenses		(380,723)	(379,833)
Administrative expenses		<u>(818,225)</u>	<u>(504,333)</u>
Other expenses		(116,186)	(83,835)
Finance costs	9	<u>(1,181,070)</u>	<u>(1,158,044)</u>
Profit before tax		2,368,102	2,667,671
Income tax expense	10	<u>(397,652)</u>	<u>(733,166)</u>
Profit and total comprehensive income for the year	11	<u>1,970,450</u>	<u>1,934,505</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,860,580	1,819,423
Non-controlling interests		<u>109,870</u>	<u>115,082</u>
		<u>1,970,450</u>	<u>1,934,505</u>
		2020 RMB	2019 RMB
Earnings per share			
Basic and diluted	12	<u>0.63</u>	<u>0.62</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		10,572,135	11,112,916
Long-term deposits		682,778	2,422,257
Right-of-use assets		892,434	901,264
Mining rights		1,408,155	830,943
Goodwill		294,014	294,014
Investments in associates		1,076,289	513,560
Derivative financial instruments		1,246	49,427
Deferred tax assets		156,836	175,840
Pledged bank balances		108,148	103,779
Amounts due from an associate		415,431	330,000
Other prepayments		850,391	861,980
		<u>16,457,857</u>	<u>17,595,980</u>
CURRENT ASSETS			
Inventories		1,039,363	1,061,302
Trade and other receivables	14	8,080,329	7,305,611
Amounts due from an associate		904,000	707,288
Financial assets at fair value through profit or loss		2,408	20,321
Pledged bank balances		3,543,429	3,804,969
Cash, deposits and bank balances		2,412,115	1,828,833
		<u>15,981,644</u>	<u>14,728,324</u>
CURRENT LIABILITIES			
Trade and other payables	15	4,715,714	4,499,829
Contract liabilities		368,242	371,604
Other financial liabilities		464,859	—
Loan from an associate due within one year		1,200,000	800,000
Long-term corporate bonds due within one year		2,136,291	114,263
Lease liabilities due within one year		24,996	15,036
Borrowings due within one year		3,978,711	5,788,178
Current tax liabilities		525,694	754,378
Financial guarantee contracts		11,641	14,906
		<u>13,426,148</u>	<u>12,358,194</u>
NET CURRENT ASSETS		<u>2,555,496</u>	<u>2,370,130</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,013,353</u>	<u>19,966,110</u>

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	24,183	24,183
Share premium and reserves	14,669,867	12,815,380
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Equity attributable to owners of the Company	14,694,050	12,839,563
Non-controlling interests	128,848	136,028
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TOTAL EQUITY	14,822,898	12,975,591
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Loan from an associate due after one year	—	150,000
Borrowings due after one year	1,714,083	2,497,004
Guaranteed notes	897,714	934,566
Long-term corporate bonds	66,490	2,031,101
Other financial liabilities	766,386	1,004,445
Lease liabilities due after one year	18,736	25,554
Deferred tax liabilities	176,176	175,207
Deferred income	140,379	148,963
Provision for environmental restoration	39,216	23,679
Other long-term payable	371,275	—
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	4,190,455	6,990,519
	<hr/>	<hr/>
	19,013,353	19,966,110
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan Province, the People’s Republic of China (the “**PRC**” or “**China**”).

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “**Group**”) are manufacture and sale of cement, clinker and limestone aggregate. Its immediate holding company is Yu Kuo Company Limited and its ultimate parent company is Tianrui Group Company Limited (“**Tianrui Group**”), which is controlled by Mr. Li Liufa and Ms. Li Fengluan, a non-executive director and an executive director of the Company, respectively.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>

The application of the Amendments to *References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of cement	10,940,108	11,158,974
Sales of clinker	442,271	677,371
Sales of limestone aggregate	788,375	251,187
	<u>12,170,754</u>	<u>12,087,532</u>
Timing of revenue recognition — A point in time	<u>12,170,754</u>	<u>12,087,532</u>

The Group sells cement, clinker and limestone aggregate directly to external customers and revenue is recognised when control of goods has transferred to the customers, being when the goods have been delivered to the customers for the current year. The normal credit term is 180 days upon delivery of goods.

The Group receives deposits from certain customers when they sign the sale and purchase agreements. Such advance payments are recorded as contract liabilities and revenue is being recognised when the control of the goods is transferred to the customer.

5. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by an executive committee, which composed of executive directors of the Company and top management (being the chief operating decision maker), in order to allocate resources to the operating segments and to assess their performance.

The Group's chief operating decision maker reviews the Group's internal reporting which is mainly based on two broad geographical locations for the purposes of resource allocation and performance assessment. This is the basis upon which the Group is organised. Management has determined the operating segments based on these reports. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Segment revenue		Segment profit	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Central China	9,213,617	9,299,301	2,172,267	2,521,563
Northeastern China	2,957,137	2,788,231	289,364	292,118
Total	<u>12,170,754</u>	<u>12,087,532</u>	<u>2,461,631</u>	<u>2,813,681</u>
Unallocated corporate administrative expenses			(175,989)	(125,139)
Unallocated other gains and losses, net (Loss)/gain from changes in fair value of financial assets at fair value through profit or loss ("FVTPL")			148,554	(39,329)
			<u>(66,094)</u>	<u>18,458</u>
Profit before tax			<u>2,368,102</u>	<u>2,667,671</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment profit represents the profit before tax without allocation of certain corporate administrative expenses including directors' emoluments, certain other gains and losses, and changes in fair value of financial assets at FVTPL.

Segment revenues are derived from sales to external customers. There are no inter-segment sales.

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
SEGMENT ASSETS		
Central China	26,738,678	26,751,646
Northeast China	5,382,470	5,214,082
	<hr/>	<hr/>
Total segment assets	32,121,148	31,965,728
Financial assets at FVTPL	2,408	20,321
Derivative financial instruments	1,246	49,427
Deferred tax assets	156,836	175,840
Unallocated other receivables	9,775	33,464
Unallocated cash, deposits and bank balances	148,088	79,524
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Total assets	32,439,501	32,324,304
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SEGMENT LIABILITIES		
Central China	13,805,047	15,250,120
Northeast China	3,066,111	3,130,956
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Total segment liabilities	16,871,158	18,381,076
Deferred tax liabilities	176,176	175,207
Current tax liabilities	525,694	754,378
Unallocated other payables	43,575	38,052
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Total liabilities	17,616,603	19,348,713
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For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than derivative financial instruments, financial assets at FVTPL, deferred tax assets, certain unallocated other receivables, and certain unallocated cash, deposits and bank balances; and
- all liabilities are allocated to operating and reportable segments other than deferred tax liabilities, current tax liabilities and certain unallocated other payables.

Other segment information

Amounts included in the measure of segment profit or loss and segment assets:

For the year ended 31 December 2020

	Central China <i>RMB'000</i>	Northeast China <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to property, plant and equipment	404,298	147,151	551,449
Additions to rights-of-use assets	24,605	9,250	33,855
Finance costs	930,281	250,789	1,181,070
Additions to mining rights	648,454	—	648,454
Provision for environmental restoration	25,063	2,349	27,412
Depreciation and amortisation before capitalisation	875,709	294,698	1,170,407
Impairment loss under expected credit loss model, net of reversal	2,245	9,860	12,105
Gain on disposal of property, plant and equipment, net	(1,607)	(9,228)	(10,835)
Value-added tax refund	(278,509)	(67,485)	(345,994)
Incentive subsidies	(27,182)	(6,908)	(34,090)
Interest income	(67,359)	(4,900)	(72,259)
Share of profit of associates	93,458	—	93,458
Investments in associates	1,076,289	—	1,076,289

For the year ended 31 December 2019

	Central China <i>RMB'000</i>	Northeast China <i>RMB'000</i>	Total <i>RMB'000</i>
Additions to property, plant and equipment	867,846	89,783	957,629
Additions to rights-of-use assets	12,947	—	12,947
Finance costs	964,523	193,521	1,158,044
Additions to mining rights	286,220	998	287,218
Provision for environmental restoration	4,973	1,794	6,767
Impairment on goodwill	—	13,628	13,628
Impairment on property, plant and equipment	—	37,877	37,877
Depreciation and amortisation before capitalisation	713,202	328,644	1,041,846
(Reversal of impairment loss)/impairment loss under expected credit loss model, net of reversal	(4,136)	11,185	7,049
Loss on disposal of property, plant and equipment, net	15,813	24,655	40,468
Value-added tax refund	(352,785)	(52,968)	(405,753)
Incentive subsidies	(14,724)	(4,207)	(18,931)
Interest income on bank deposits	(62,860)	(5,424)	(68,284)
Share of loss of associates	(168,003)	—	(168,003)
Investments in associates	513,560	—	513,560

Revenue from major products has been disclosed in Note 4. All of the Group's operations, as well as all external customers and its non-current assets, are located in the PRC.

No revenue from a single customer contributing over 10% of the total revenue of the Group for the years ended 31 December 2020 and 2019.

6. OTHER INCOME

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Value-added tax refund	345,994	405,753
Incentive subsidies	34,090	18,931
Interest income on bank deposits	69,382	68,284
Interest income from loans to an associate	2,877	—
Rental income	3,259	38,476
Release of deferred income	8,584	8,585
Release of financial guarantee liability	10,051	3,737
Income from sundry operations	24,914	31,441
Software service income	6,203	4,779
Others	930	499
	<u>506,284</u>	<u>580,485</u>

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange (gain)/loss, net	(142,466)	39,346
Impairment loss on goodwill	—	13,628
Impairment loss on property, plant and equipment	—	37,877
(Gain)/loss on disposal of property, plant and equipment, net	(10,835)	40,468
Others	8,499	6,226
	<u>(144,802)</u>	<u>137,545</u>

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses/(reversal of impairment losses) recognised on:		
Trade receivables — goods and services	4,216	11,478
Other receivables	7,889	(4,429)
	<u>12,105</u>	<u>7,049</u>

9. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on:		
Bank and other borrowings	515,170	460,094
Lease liabilities	3,646	3,393
Bills discounted with recourse	232,082	195,930
Guaranteed notes	117,881	55,550
Long-term corporate bonds	193,624	282,314
Loans from an associate	34,065	31,128
Other financial liabilities	108,250	138,162
	<u>1,204,718</u>	<u>1,166,571</u>
Less: amounts capitalised in the cost of qualifying assets	<u>(23,648)</u>	<u>(8,527)</u>
	<u><u>1,181,070</u></u>	<u><u>1,158,044</u></u>

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	422,161	745,122
(Overprovision)/underprovision in prior years:		
EIT	(44,482)	843
Deferred tax	<u>19,973</u>	<u>(12,799)</u>
	<u><u>397,652</u></u>	<u><u>733,166</u></u>

No provision for Hong Kong taxation has been made during both years as the Group’s income neither arisen nor is derived from Hong Kong.

Certain subsidiaries operating in the PRC are eligible for preferential tax rate of 15% under relevant preferential tax policy for high-technology enterprises starting from financial year 2020 for a period of 3 years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group operating in the PRC are subject to EIT at the statutory rate of 25% (2019: 25%).

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,056,480	957,698
Amortisation of right-of-use assets	42,685	37,622
Amortisation of mining rights, included in cost of sales	71,242	46,526
	<u>1,170,407</u>	<u>1,041,846</u>
Total depreciation and amortisation		
Less: Amounts capitalised to inventories	(740,013)	(730,426)
Amounts included in other expenses (<i>note</i>)	(44,573)	(43,625)
	<u>385,821</u>	<u>267,795</u>
Cost of inventories recognised as an expense	7,972,793	7,580,162
Employee benefits expense (including contributions to retirement benefit scheme, and directors' emoluments)	502,192	500,265
Less: Amounts capitalised to inventories	(187,238)	(194,564)
	<u>314,954</u>	<u>305,701</u>
Auditor's remuneration	2,700	2,700
Research and development costs recognized as an expense (included in administrative expenses)	362,336	74,683
	<u><u>362,336</u></u>	<u><u>74,683</u></u>

Note:

Depreciation and amortisation amounting to RMB44,573,000 (2019: RMB43,625,000) during the temporary suspension period due to seasonal effect are included in other expenses on the consolidated statement of profit or loss and other comprehensive income.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for each of reporting period is based on the following data:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>1,860,580</u>	<u>1,819,423</u>
	Year ended 31 December	
	2020	2019
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	<u>2,938,282</u>	<u>2,938,282</u>

Diluted earnings per share is presented as the same as basic earnings per share for both 2020 and 2019 as there were no potential ordinary shares in issue for the Company for both 2020 and 2019.

13. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

14. TRADE AND OTHER RECEIVABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	214,788	190,960
Less: allowances for credit losses	<u>(59,919)</u>	<u>(55,703)</u>
	154,869	135,257
Bills receivables	3,762,867	3,775,206
Other receivables	<u>4,162,593</u>	<u>3,395,148</u>
	<u>8,080,329</u>	<u>7,305,611</u>

The credit term granted to customers is normally 180 days upon delivery of goods. The aged analysis of the Group's trade receivables (net of allowances for credit losses) prepared based on the goods delivery date at the end of each reporting period is as follows:

	At 31 December	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 90 days	144,540	12,150
91–180 days	3,993	50,086
181–365 days	6,209	46,022
1–2 years	127	23,068
Over 2 years	—	3,931
Total	<u>154,869</u>	<u>135,257</u>

15. TRADE AND OTHER PAYABLES

	At 31 December	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	867,343	954,384
Bills payables	3,170,900	2,898,000
Other payables and accrued expenses	<u>677,471</u>	<u>647,445</u>
Total	<u>4,715,714</u>	<u>4,499,829</u>

The aged analysis of the Group's trade payables presented from the goods receipt date as at the end of each reporting period is as follows:

	At 31 December	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 90 days	418,228	548,687
91–180 days	156,686	85,089
181–365 days	97,253	116,161
Over 1 year	<u>195,176</u>	<u>204,447</u>
Total	<u>867,343</u>	<u>954,384</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the economy of the PRC suffered severe impact from COVID-19. With the gradual and effective prevention and control of the pandemic, operation and production resumption and economic stimulus policies promulgated in different regions, the economic data gradually showed a rising trend. In the first quarter, under the effect of the pandemic, the demand in the cement market was stagnant and the price decreased. The downstream market stabilized with growth resumed gradually in the second quarter, with its demand progressively increased, and more consolidation and development were seen in third and fourth quarters. The Group proactively made plans and reasonable layouts, and rigorously implement alternative production arrangements as well as proactively optimize product structure and promote the innovative efficiency enhancement activities of digitalization and intelligentization, while maintaining good pandemic control and prevention, which paved the way for the Group to mitigated the effect of the pandemic to a certain degree, a small increase is recorded in our results, and at the same time the Group achieved a significant results in energy conservation and reduce in consumption as well as environmental protection.

As of 31 December 2020, the production capacity of clinker of the Group is 28.4 million tonnes, while the production capacity of cement and aggregate are 56.4 million tonnes and 19.2 million tonnes respectively.

In 2020, the sales volume of cement of the Group amounted to approximately 35.8 million tonnes, representing an increase of approximately 4.3 million tonnes or 13.8% year-on-year as compared to approximately 31.5 million tonnes in the same period of 2019. The average price was approximately RMB305.4 per tonne, representing a decrease of RMB49.1 per tonne or 13.9% compared to the same period in 2019.

In 2020, the sales volume of aggregate of the Group amounted to approximately 13.2 million tonnes, representing an increase of approximately 8.8 million tonnes or 197.4% as compared to approximately 4.4 million tonnes in the same period of 2019. The average price was approximately RMB59.9 per tonne, representing an increase of RMB3.1 per tonne or 5.5% compared to the same period in 2019. The growth in aggregate business provides an effective support to the growth in the full year results.

In 2020, the Group sold approximately 1.8 million tonnes of clinker externally, a decrease of approximately 0.7 million tonnes as compared to approximately 2.5 million tonnes sold in the same period of 2019. During the period, the clinker we produced was mainly used to meet the Group's internal need of cement production.

In 2020, the Group recorded a revenue of approximately RMB12,170.8 million, representing an increase of approximately RMB83.3 million or 0.7% compared to the same period in 2019. The profit attributable to owners of the Company amounted to approximately RMB1,860.6 million, representing an increase of approximately RMB41.2 million or approximately 2.3% from approximately RMB1,819.4 million in 2019.

During the first half of 2020, the Group recorded a revenue of approximately RMB5,253.7 million, a decrease of approximately RMB241.0 million or 4.4% compared to the same period of 2019. The profit attributable to owners of the Company amounted to approximately RMB719.0 million, a decrease of approximately RMB168.0 million or 18.9% as compared to the same period in 2019.

On the other hand, during the second half of 2020, the Group recorded a revenue of approximately RMB6,917.1 million, an increase of approximately RMB324.3 million or 4.9% compared to the same period of 2019. The profit attributable to owners of the Company amounted to approximately RMB1,141.6 million, an increase of approximately RMB209.2 million or 22.4% as compared to the same period in 2019.

BUSINESS ENVIRONMENT

According to the preliminary accounting results, the annual gross domestic product (“GDP”) for 2020 is RMB101.5986 trillion, an increase of 2.3% as compared to 2019. Among which, the GDP for Central China records an increase of 1.3%, which reaches RMB22.2246 trillion; GDP for Northeastern China growth by 1.1% to RMB5.1125 trillion.

The fixed assets investment of PRC (excluding rural household) in 2020 grew by 2.9% to RMB51.8907 trillion. Among which, growth in fixed assets investment is seen in Central China and Northeastern China, which increased by 0.7% and 4.3% respectively. Investment in infrastructure increased by 0.9% when compared to last year, while the investment in real estate development records an increase of 7.0% from last year’s figure.

In 2020, Henan Province’s investment in fixed assets (excluding rural households, the same below), infrastructure and real estate development increased by 4.3%, 2.2% and 4.3% respectively when compared to 2019.

In 2020, Liaoning Province’s investment in fixed assets, construction projects and real estate development increased by 2.6%, 0.8% and 5.1% respectively when compared to 2019.

The above statistic from the National Bureau of Statistics and the statistic for Henan Province and Liaoning Province show that in 2020: (1) for Henan Province and Liaoning Province which are two main areas the business of the Group locate, the investment in fixed assets for the former is higher than the national growth level, while the investment in fixed assets for the latter is slightly lower than the national growth level; (2) the investment in infrastructure in Henan Province is higher than its national growth level; and (3) the investment in real estate development in both Henan Province and Liaoning Province are lower than its national growth level.

Henan Province is the major location for the business of the Group. In 2020, the Government of Henan Province increased its investments in fixed assets and infrastructure which are above the national level. This provided the corresponding support to the demand of cement market in the region.

CEMENT INDUSTRY

According to the data from the National Bureau of Statistics, in 2020 the production volume of cement by enterprises above designated size of PRC is approximately 2.377 billion tonnes, which records a year-on-year increase of 1.63%. The national production volume of clinker is approximately 1.579 billion tonnes, a year-on-year increase of 3.07%. The demand for cement clinker reached a historical high, with a total consumption of over 1.6 billion tonnes.

The production volume of cement in the first quarter was hit by the pandemic and recorded a significant year-on-year decrease. Since then, the production volume of cement achieved growth in all other three quarters with different growth rates. The production volume of cement in the first quarter decreased by 23.9% over the last year, while the production volume of cement in second, third and fourth quarter grew by 7%, 5.5% and 7.9% over the last year respectively.

According to the *Digital Cement*, the website of China Cement Association, basically the national price index for cement in 2020 remains flat with the figure from 2019, and the price level remains in a reasonable level.

With the help of the stability in the demand throughout the year, and the price for cement remained relatively high, the efficiency for the cement industry in 2020 remains stable. The sales revenue of cement for the year is approximately RMB996.0 billion, a decrease of 2.2% over 2019. The profit for cement industry is RMB183.3 billion, a decrease of 2.1% over 2019.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately RMB12,170.8 million in 2020, representing an increase of RMB83.3 million, or an increase of 0.7%, from approximately RMB12,087.5 million in 2019.

The revenue from cement sales was approximately RMB10,940.1 million in 2020, representing a decrease of RMB218.9 million, or 2.0%, as compared with 2019. Our sales volume of cement increased by 4.3 million tonnes or 13.8%, from approximately 31.5 million tonnes in 2019 to approximately 35.8 million tonnes in 2020. The decrease in revenue was mainly due to the fact that growth in sales of cement was not enough to offset the decrease of price of cement.

Clinker is a semi-finished product used to produce cement. Our clinkers produced in 2020 were primarily used to satisfy the internal demand for cement production. Only approximately 1.8 million tonnes of the Group's clinkers were sold externally. Approximately RMB442.3 million of revenue generated from our clinker sales was recorded in 2020, representing a decrease of RMB235.1 million, or 34.7%, from approximately RMB677.4 million in 2019. The decrease in revenue was mainly due to the decrease in the sales volume of clinkers.

Revenue from our sales of aggregate amounted to approximately RMB788.4 million, representing an increase of approximately RMB537.2 million, or 213.9%, from approximately RMB251.2 million in 2019. The sales volume of aggregate amounted to approximately 13.2 million tonnes, representing an increase of approximately 8.8 million tonnes or 197.4% as compared to approximately 4.4 million tonnes in 2019. Several aggregate production lines were completed during the last reporting period, which leads to an increase in the production volume of aggregate in this reporting period and an increase in the sales volume of aggregate, which serves as the main reason for the increase in revenue.

In 2020, the Group's sales revenue from the Central China region amounted to approximately RMB9,213.6 million, representing a decrease of RMB85.7 million or 0.9% compared to approximately RMB9,299.3 million in 2019. The Group's sales revenue from the Northeastern China region amounted to approximately RMB2,957.1 million, representing an increase of RMB168.9 million or 6.1% compared to approximately RMB2,788.2 million in 2019.

In 2020, revenue from our sales of cement, clinker and aggregate accounted for approximately 89.9% (2019: 92.3%), 3.6% (2019: 5.6%) and 6.5% (2019: 2.1%) of the total revenue, respectively.

Cost of Sales

In 2020, the Company continued its efforts in reducing unit production costs of cement and clinker by leveraging on our economies of scale and through centralized procurement. Our cost of sales was approximately RMB7,972.8 million during the reporting period, representing an increase of RMB392.6 million, or 5.2% as compared with 2019. The increase was primarily due to increase in cement production.

Cost of sales mainly consists of cost of raw materials, coal and electricity. In 2020, our costs of raw materials, coal and electricity as a percentage of cost of sales were approximately 39.3%, 28.6% and 13.2%, respectively. During the period, our costs of raw materials, coal and electricity for one tonne of product produced were approximately RMB61.7, RMB44.9 and RMB20.8, respectively, representing a decrease of RMB12.9, RMB21.0 and RMB4.9, respectively, as compared with 2019.

Gross Profit, Gross Profit Margin and Segment Profit

Our gross profit was approximately RMB4,198.0 million for the year ended 31 December 2020, representing a decrease of RMB309.4 million, or 6.9%, from approximately RMB4,507.4 million in 2019. Our gross profit margin decreased to approximately 34.5% in 2020 from approximately 37.3% in 2019. The decrease in gross profit margin was primarily due to the fact that the decrease in the price of cement in 2020 has a greater effect than the decrease in the cost per tonne.

In 2020, the Group's segment profit from the central China region amounted to approximately RMB2,172.3 million, representing a decrease of RMB349.3 million or 13.9% compared to approximately RMB2,521.6 million in 2019. The decrease was due to the decrease in the selling price of cement in the region. The Group's segment profit from the Northeastern region amounted to approximately RMB289.4 million, representing a decrease of RMB2.7 million or 0.9% compared to a segment profit of approximately RMB292.1 million in 2019. The increase in transportation cost in the Northeastern region was the main cause of the decrease in profit for the region.

Other income

Other income was approximately RMB506.3 million for the year ended 31 December 2020, representing a decrease of RMB74.2 million, or 12.8%, from approximately RMB580.5 million for the year ended 31 December 2019. The decrease was primarily due to the decrease in gross profit which led to a decrease in the value-added tax refund.

Selling and Distribution Expenses

For the year ended 31 December 2020, selling and distribution expenses were approximately RMB380.7 million, representing an increase of RMB0.9 million as compared to approximately RMB379.8 million for the year ended 31 December 2019. Figures for both years are basically unchanged.

Administrative Expenses

Administrative expenses were approximately RMB818.2 million for the year ended 31 December 2020, representing an increase of RMB313.9 million, or an increase of 62.2%, from approximately RMB504.3 million for the year ended 31 December 2019. The increase in administrative expenses was mainly due to the inclusion of research and development expenses and the increase of relevant expenses as a result of the implementation of "Green Mines" project.

Other Expenses

Other expenses were approximately RMB116.2 million for the year ended 31 December 2020, representing an increase of approximately RMB32.4 million, or an increase of 38.6%, from approximately RMB83.8 million for the year ended 31 December 2019. The increase in other expenses was mainly due to the expenses incurred in the suspension of production during the first half of the year.

Finance Costs

Finance costs were approximately RMB1,181.1 million for the year ended 31 December 2020, representing an increase of RMB23.1 million, or an increase of 2.0%, from approximately RMB1,158.0 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in the interest expense related to bank borrowings.

PROFIT BEFORE TAX

As a result of the foregoing, our profit before tax was approximately RMB2,368.1 million for the year ended 31 December 2020, representing a decrease of approximately RMB299.6 million, or approximately 11.2%, from approximately RMB2,667.7 million for the year ended 31 December 2019.

Excluding the impact of the approximately RMB66.1 million (2019: gains of approximately RMB18.5 million) loss on fair value changes of financial assets, the profit before tax for the year ended 31 December 2020 is approximately RMB2,434.2 million, which decreased by approximately RMB215.0 million or 8.1% as compared to approximately RMB2,649.2 million for the year ended 31 December 2019.

INCOME TAX EXPENSES

Income tax expenses were approximately RMB397.7 million for the year ended 31 December 2020, representing a decrease of RMB335.5 million, or about 45.8% from approximately RMB733.2 million for the year ended 31 December 2019. The main reasons behind such change were that there was a reduction of the EIT rate to 15.0% for nine subsidiaries after they were recognised as Enterprises of High and New Technology, and a decrease in profit before tax during the reporting period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND NET PROFIT MARGIN

As a result of the foregoing, profit attributable to owners of the Company for the year ended 31 December 2020 was approximately RMB1,860.6 million, representing an increase of RMB41.2 million, or about 2.3%, from approximately RMB1,819.4 million for the year ended 31 December 2019. The net profit margin increased from 15.1% for the year ended 31 December 2019 to 15.3% for the year ended 31 December 2020.

FINANCIAL AND LIQUIDITY POSITION

Trade and other receivables

Trade and other receivables increased from approximately RMB7,305.6 million for the year ended 31 December 2019 to approximately RMB8,080.3 million for the year ended 31 December 2020, mainly due to the increase in bills payables and prepayments to suppliers due to the increase in sales and procurement.

Amounts due from an associate

The amounts due from an associate of approximately RMB1,319.4 million for the year ended 31 December 2020 (2019: approximately RMB1,037.3 million) represents the advance payment paid to Pingdingshan Ruiping Shilong Cement Company Limited for the clinker purchased in next few years under the Clinker Supply Framework Agreement, and shareholder loan due from an associate, China United Cement Xinan Wanji Co., Ltd..

Inventories

Inventories decreased from approximately RMB1,061.3 million for the year ended 31 December 2019 to approximately RMB1,039.4 million for the year ended 31 December 2020, primarily due to the decrease in the inventory amount during the year 2020.

Cash and cash equivalents

Cash and bank balance increased from approximately RMB1,828.8 million for the year ended 31 December 2019 by RMB583.3 million or 31.9% to approximately RMB2,412.1 million for the year ended 31 December 2020, primarily due to the effect of cash from operation activities, net of cash outflow from investing activities and financing activities.

Borrowings

As at 31 December 2020, the amount of total borrowings and debentures (including corporate bonds) of the Group decreased by approximately RMB2,095.1 million or 15.7%, from approximately RMB13,319.6 million in 2019 to approximately RMB11,224.5 million in 2020. Borrowings due within one year and short-term debentures increased from approximately RMB6,702.4 million for the year ended 31 December 2019 to approximately RMB7,779.9 million for the year ended 31 December 2020; borrowings due after one year, guaranteed mid-term bills, long-term corporate bonds and other financial liabilities decreased from approximately RMB6,617.1 million for the year ended 31 December 2019 to approximately RMB3,444.7 million for the year ended 31 December 2020.

Principal sources of liquidity

The Group's principal sources of liquidity have historically been cash generated from operations and bank and other borrowings. We have historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt repayments. The Company anticipates these will continue to be the principal purposes for our financing in the future and expects the cash flow will be sufficient to fund the ongoing business requirements. Meanwhile, the Company will further broaden the financing channels to improve its capital structure.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2020, the Group was not involved in any material investments, acquisitions or disposals.

GEARING RATIO

For the year ended 31 December 2020, the gearing ratio was approximately 54.3%, representing a decrease of 5.6 percentage points from approximately 59.9% for the year ended 31 December 2019. The change of gearing ratio was due to the increase in equity of the owners.

For the year ended 31 December 2020, the current ratio was approximately 1.2, while the quick ratio was approximately 1.1, which remain stable as compared to that of in 2019.

For the year ended 31 December 2020, the debt equity ratio was approximately 1.2, representing a decrease of 20.3% as compared to approximately 1.5 for the year ended 31 December 2019.

Notes:

1. Gearing ratio = total liabilities/total assets x 100%;
2. Current ratio = current assets/current liabilities;
3. Quick ratio = (current assets-inventory)/current liabilities;
4. Debt Equity ratio = Total liabilities/equity interest, of which, equity interest includes minority interest and non-controlling interest

NET GEARING RATIO

As at 31 December 2020, the net gearing ratio was approximately 35.9%, representing a decrease of 24.0 percentage points from approximately 59.9% as at 31 December 2019. Net gearing ratio is calculated by dividing net debts by equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure for the year ended 31 December 2020 was approximately RMB1,233.8 million (2019: approximately RMB1,257.8 million) and capital commitments for the year ended 31 December 2020 was approximately RMB295.4 million (2019: approximately RMB346.0 million). Both the capital expenditure and capital commitments were mainly related to the construction of production facilities for cement and aggregate businesses and the acquisition of machinery, office equipment, investment in construction in progress and mining rights. The Group funded capital expenditure through cash generated from operations and bank and other borrowings.

PLEDGE OF ASSETS

As at 31 December 2020, carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group amounted to approximately RMB4,252.6 million (2019: approximately RMB4,079.3 million).

CONTINGENT LIABILITIES

For the year ended 31 December 2020, other than contingent liabilities arising from the provision of guarantee to related parties amounting to approximately RMB1,386.4 million (2019: approximately RMB1,012.6 million), the Group did not have other contingent liabilities. The guarantees provided to the related parties have been provided pursuant to Tianrui Cement Guarantees (as defined in the circular of the Company dated 5 December 2019) according to the 2019 Framework Agreement in relation to provision of mutual guarantees, the details of which are set out in the circular of the Company dated 5 December 2019.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2020, the Group did not hold any material investment, make any material investment nor acquire any capital assets.

DETAILS OF IMPORTANT EVENTS AFFECTING THE GROUP WHICH HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR UNDER REVIEW

The Company is not aware of any important events affecting the Group which have occurred since the end of the financial year under review.

MARKET RISKS

Interest rate risk

The Group is exposed to interest rate risk resulting from its long-term and short-term borrowings. The Group reviews its borrowings regularly to monitor its interest rate exposure, and will consider hedging significant interest rate exposure should the need arise. As the Group's exposure to interest rate risk relates primarily to its interest-bearing bank loans, our policy is to keep the borrowings at variable rates of interest so as to minimize fair value interest rate risk, and to manage the interest rate exposure in all of the interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity risk

The Group has established an appropriate liquidity risk management system for its short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in (both actual and forecasted) cash flows. Our management also monitor the utilization of bank borrowings and ensures compliance with loan covenants.

Exchange rate risk

Certain bank balances and borrowings of the Group are denominated in Hong Kong Dollar (“**HK\$**”) or United States Dollar (“**US\$**”), therefore exchange rate movement exposure is incurred. Currently, the Group does not have any hedging policy on foreign currency in relation to foreign currency exposure. However, the management will closely monitor risks associated to HK\$ and US\$ and will consider to hedge material currency exposure if necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 7,787 employees (2019: 7,491). In 2020, the employees’ cost (including remuneration) was approximately RMB502.2 million (2019: approximately RMB500.3 million). The remuneration policies, bonus and training programs for employees of the Group have been implemented continuously.

PROSPECTS

The Government Work Report (hereinafter the “**Report**”) delivered during the 2021 meeting of the National People’s Congress stated that, for the economic development, “development is the key for solving all issues of PRC”, and during the period of “14th Five-Year Plan” “the economy will be kept running within appropriate range”, and “expects to expand its GDP by over 6 percent” this year. The cement industry will continue to be benefitted from the economic development.

On the urbanization front, the Report outlined the aim of “raising the urbanization rate for resident population to 65%” during the period of “14th Five-Year Plan”. The current urbanization of PRC falls behind other developed countries, and the urbanization rate of Henan Province is 53.21% which is fall short of its target to a even greater extent. With the two reasons stated above, the demand of cement, especially the one from Henan Province shall benefit the cement industry accordingly.

On the front of rural market development, the Report emphasizes the “fully implementation of rural revitalization” by “implementing the construction in rural areas and optimize the mechanism of rural-urban integration development”. It is foreseen that the potential market demand for cement is enormous as more than half of the population is living in rural area.

On the front of management and control over environmental protection, the Report states that during the period of “14th Five-Year Plan”, “the environmental quality shall be improved continuously, and to eliminate the heavy pollution weather and the urban black and odorous water bodies basically”, “to carry out works on peaking carbon emission and carbon neutralization”. The Notice on Further Improvement on the Normalized Alternative Production Arrangements for Cement Industry published by Ministry of Industry and Information Technology and Ministry of Ecology and Environment on 28 December 2020 states that, the cement industry shall continue to

implement the “normalized alternative production arrangements”. On the premise of such environmental policy, the cement industry will continuously improve its demand and supply relationship through the aspects of management and control over environmental protection and the supply-side structural reform, and shall be beneficial to the stability in market price.

In the aspect of regional development, it is stated in the Report that “the regional economic layout shall be optimized in order to facilitate the coordinated development for regions”. The principal businesses of the Group lie on strategic core areas of “to facilitate the acceleration of the growth of Central China”, “the ecological protection and high quality development of Yellow River basin” and “to achieve new breakthrough in the revitalization of Northeastern China”, and the Group is expected to be benefitted from the regional coordinated development, and at the same time achieve advancement in our business development in a sturdily way.

2021 is not only the first year of “14th Five-Year Plan”, it is also a year with specific importance in the modernization of PRC. The State promulgated “to carry out works under the theme of promoting high quality development as well as under the thread of deepening the structural reform on supply side”, “perform works on ‘stability in six areas’ sturdily and fully implement the mission on ‘six priorities’ policies, and to implement policies from macro perspective in a scientific and precise manner, strive to maintain the economy running within appropriate range, and adhere to the strategy of expanding the internal demand”, “to ensure a good start of ‘14th Five-Year Plan’”. In the meantime, the economy of PRC still faces various pressures, the pandemic of novel coronavirus persists in both PRC and overseas, the status of international economy is still grim and complicated.

In face of the current situation, the Group will follow the national policy proactively, implement the alternative production plan, and adhere to the innovative development model on intelligent factories, green factories and greening of mines. The Group will strengthen its management and control over its internal operation by relying on its regional advantage on market, and will continue to extend the industry chain through the development of related businesses in gravel aggregate as well as the industrial park for green construction materials, thus strive to minimize the effect of pandemic and external factors on its business, and to maintain and strengthen its regional competitive edge continuously.

CORPORATE SOCIAL RESPONSIBILITY & ENVIRONMENTAL MATTERS

The Company regards the fulfillment of environmental and social responsibilities as one of the important strategies for the corporate development. As always, the Company assumes social responsibilities, protects the ecological environment and achieves sustainable development. The Company earnestly implemented environmentally friendly alternative production plan, promoted energy conservation, emission reduction and pollution prevention. The Company also proactively participated in the performance

assessment on heavily polluted weather, and more than ten branches and subsidiaries of the Company were granted rankings of A class, B class and performance leading enterprises, the Company also strengthened the ecological restoration and greening of factories, and more than ten branches and subsidiaries received awards such as national and provincial green mines and green factories. Four branches and subsidiaries of the Company installed the coordinated waste disposal system for cement kiln, which can process 350,000 tonnes of solid waste and hazardous waste, thus to promote the project on coordinated disposal of waste and urban sludge for cement kiln. The Company has also implemented the activities on quality enhancement, consumption reduction and efficiency enhancement continuously, two of its branches and subsidiaries are listed in the “performance leader” on meeting the standard on energy efficiency. The Company adheres to the people-oriented principle and emphasis on safeguard the health and rights of employees. In face of the unexpected pandemic of novel coronavirus at the beginning of 2020, the Company responses to it in an active manner, on one hand it implemented measures to safeguard the health of its employees both physically and psychologically, and on the other hand, the Company made donation on money and materials to areas severely affected by the pandemic in order to enhance its social value.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. The principle of the Company’s corporate governance is to implement effective internal control measures and to increase the transparency of the Board and accountability to all shareholders.

For the period from 1 January 2020 to 31 December 2020, the Company has adopted the code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance practice. Save as disclosed in this section, the Company has been in compliance with all code provisions set out in the Corporate Governance Code throughout the year ended 31 December 2020.

According to code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The Company has not appointed a new chief executive officer since the resignation of the former chief executive officer of the Company on 1 December 2015. The Company has been identifying a new chief executive officer in an active manner since then. In the meantime, the Board of the Company established an Executive Committee, which was composed of three executive Directors. The Executive Committee is in charge of the daily operation of the major businesses of the Group, and the chairman of the Board is not one of the members of the Executive Committee members, thus ensure that the authority is not vested in one single individual.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry with the Directors, all of them have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company has established an audit committee with written terms of reference set out in the Corporate Governance Code. The principal duties of the audit committee include the review and supervision of the Group’s financial reporting matters, risk management and internal control procedures. The audit committee comprises three independent non-executive Directors of the Company, namely Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang. The audit committee under the Board of the Company has discussed and reviewed the consolidated financial statements of the Group for the year ended 31 December 2020 and this announcement with the management of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

ANNUAL GENERAL MEETING

Notice of the annual general meeting of the Company will be published and dispatched to the Company’s shareholders in the manner required by the Listing Rules in due course.

FINAL DIVIDEND

The Board did not propose the declaration of final dividend for the year ended 31 December 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company’s website at www.trcement.com and on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The annual report for the year ended 31 December 2020 of the Company containing all the information required by the Listing Rules will also be dispatched to the shareholders of the Company and be published on the same websites in due course.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

On behalf of the Directors, I would like to express my sincere gratitude to our shareholders, customers and business partners for their continued support, and all our employees for their dedication and hard work.

By order of the Board
China Tianrui Group Cement Company Limited
Li Liufa
Chairman

Ruzhou City, Henan Province, PRC, 22 March 2021

As at the date of this announcement, the Board consists of:

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Ms. Li Fengluan, Mr. Ding Jifeng, Mr. Xu Wuxue and Mr. Li Jiangming

Independent Non-executive Directors

Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang