

CONCH CEMENT 2019 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY REACHED RMB33,630 MILLION, UP BY 12.63% YOY CEMENT AND CLINKER AGGREGATE SALES VOLUME ROSE BY 17.44% YOY TO 432 MILLION TONNES

20 March 2020 -- Anhui Conch Cement Company Limited (“Conch Cement” or the “Company”, together with its subsidiaries as the “Group”, stock code: 00914) reported its revenue for the year ended 31 December 2019 (the “Year”) prepared according to International Financial Reporting Standards (“IFRS”) amounting to approximately RMB157,030 million, representing an increase of 22.30 per cent year-on-year; the net profit attributable to equity shareholders of the Company amounted to RMB33,630 million, representing an increase of 12.63 per cent from that of the previous year; earnings per share were RMB6.35. The board of directors of the Company recommended the payment of a final dividend of RMB2.0 per share (tax inclusive) for the year 2019.

In 2019, in the face of complex domestic and international conditions, the Group focused on the supply-side structural reform of the industry to facilitate 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 capitalized on market demand, 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 record-high operating results.

During the Year, 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 per cent. 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 high as the overall market demand continued to increase while maintaining stability, and supply-demand relationship further improved; as a result sales amount in East China and Central China increased by 14.46 per cent and 9.9 per cent 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 per cent in sales amount. 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 per cent year-on-year. Affected by the periodic shortage in clinker resources in the domestic market, the export sales volume decreased by 41.63 per cent year-on-year and export sales amount dropped by 33.93 per cent 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 per cent and 74.55 per cent in sales volume and sales amount respectively.

During the Year, the Group continued to carry out the construction of domestic projects, 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 pushed forward with internationalization development strategy through strengthening its overseas presence and increasing its efforts in market expansion, resulting in significant improvement in the quality of the overall operation of projects in operation. The Luangprabang project in Laos completed construction and commenced production, while the projects under construction and projects planned for construction in Southeast Asia, Central Asia and other regions have been carried out in an orderly manner. In addition, with the focus around the initiative of “The Belt and Road”, the Group continued to step up efforts in conducting surveys and feasibility study for overseas projects, with an aim to secure project sources.

During the Year, the Group increased the production capacity of clinker, cement, aggregates and commercial 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 Year, 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.

Conch Cement management stated: “2020 marks the last year for building a moderately prosperous society in all aspects and implementing the “Thirteenth Five-Year Plan. In 2020, the state will accelerate the implementation of regional development strategies, improve regional policies and geographic layout. 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 investment is expected to play a greater role in counter-cyclical growth stabilization, which will promote the continuous recovery of infrastructure investment growth. In respect of the property sector, the central government clearly stipulated that 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.”

The management added: “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 continue to 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 sources. 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 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 with 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 addition, 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, optimize resource allocation and continue to enhance the development of the end-user market.”

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About Conch Cement

Anhui Conch Cement Company Limited became listed on The Stock Exchange of Hong Kong Limited on 21 October 1997. The Group is principally engaged in the development, production and sale of middle- and high-grade cement and clinker. Conch Cement is one of the largest cement producers in the PRC and a major supplier of high-grade cement along the river and coastal areas in the eastern and central regions, as well as the southern and western regions of the PRC. The “Conch” trademark was the first in the PRC cement industry to be named as “Famous Brand Name in China”.

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(Attached is Anhui Conch Cement Company Limited's audited consolidated statement of profit or loss for the year ended 31 December 2019)

ANHUI CONCH CEMENT COMPANY LIMITED
Audited Consolidated Statement of Profit or Loss
For the year ended 31 December 2019
(Prepared in accordance with IFRS)

| | 2019 RMB'000 | 2018 RMB'000 |
|-------------------------------------|----------------------|---------------------|
| Revenue | 157,030,328 | 128,402,626 |
| Cost of sales and services rendered | <u>(106,124,123)</u> | <u>(82,641,576)</u> |
| Gross profit | 50,906,205 | 45,761,050 |
| Other revenue | 3,316,740 | 2,593,573 |
| Other net income / (loss) | 491,044 | (885,346) |
| Selling and marketing costs | (4,416,575) | (3,733,295) |
| Administrative expenses | <u>(6,109,168)</u> | <u>(4,037,662)</u> |
| Profit from operations | 44,188,246 | 39,698,320 |
| Finance costs | (446,008) | (483,382) |
| Share of profits of associates | 381,610 | 230,767 |
| Share of profits of joint ventures | <u>472,013</u> | <u>229,614</u> |
| Profit before taxation | 44,595,861 | 39,675,319 |
| Income tax | <u>(10,204,839)</u> | <u>(8,993,181)</u> |
| Profit for the year | <u>34,391,022</u> | <u>30,682,138</u> |
| Attributable to: | | |
| Equity shareholders of the Company | 33,629,803 | 29,858,303 |
| Non-controlling interests | <u>761,219</u> | <u>823,835</u> |
| Profit for the year | <u>34,391,022</u> | <u>30,682,138</u> |
| Earnings per share | | |
| - Basic | <u>RMB6.35</u> | <u>RMB5.63</u> |
| - Diluted | <u>RMB6.35</u> | <u>RMB5.63</u> |