

CONCH CEMENT 2020 FIRST HALF NET PROFIT AMOUNTED TO RMB16,086 MILLION, UP BY 5.26% YOY AGGREGATE NET SALES VOLUME OF CEMENT AND CLINKER REACHED 187 MILLION TONNES

21 August 2020 -- Anhui Conch Cement Company Limited (“Conch Cement” or the “Company”, together with its subsidiaries as the “Group”, stock code: 00914) announced that its revenue prepared according to International Financial Reporting Standards (“IFRSs”) for the six months ended 30 June 2020 (the “Reporting Period”) amounted to approximately RMB74,007 million, representing an increase of approximately 3.30% year-on-year. The net profit attributable to equity shareholders of the Company amounted to RMB16,086 million, representing a year-on-year increase of approximately 5.26%; basic earnings per share were RMB3.04. The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

During the Reporting Period, in the face of complex domestic and international situations, the Group strove to overcome the impact of adverse factors such as the COVID-19 epidemic and the prolonged rainy season, and actively promoted the resumption of work and production. The Group proactively seized the opportunities arising from the growth in market demand, capturing market demands and stabilizing the Group’s share of market sales. 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 steady improvement of operating results.

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 187 million tonnes, representing a year-on-year decrease of 7.60%. Affected by the decrease in net sales volume of cement and clinker and the decrease in composite selling price of products, the revenue generated from principal activities reached RMB62,482 million, representing a year-on-year decrease of 8.65%. The operating cost from principal activities decreased by 11.78% year-on-year to RMB40,067 million. The consolidated gross profit margin of products recorded a year-on-year increase of 2.27 percentage points to 35.87%.

The Group realized a sales volume of self-produced products of cement and clinker of 141 million tonnes, representing a year-on-year decrease of 3.40%. The sales revenue from self-produced products amounted to RMB47,123 million, representing a year-on-year decrease of 3.17%. The cost of sales of self-produced products decreased by 3.77% year-on-year to RMB24,741 million. The consolidated gross profit margin of self-produced products recorded a year-on-year increase of 0.33 percentage point to 47.50%.

During the Reporting Period, in East China and Central China, affected by the COVID-19 epidemic and the prolonged rainy weather, the market demand generally declined, leading to respective year-on-year decreases of 7.38% and 4.60% in sales amount. However, benefitting from the decrease in the cost of products, the gross profit margin increased by 0.10 percentage point and 0.27 percentage point year-on-year respectively. In South China, the sales volume decreased and the sales amount dropped by 1.89% year-on-year. The gross profit margin decreased by 0.30 percentage point year-on-year. In West China, benefitting from the increasing demands for local infrastructure, the price was stable with growth in sales volume, and the sales amount increased

by 1.42% year-on-year. The gross profit margin increased by 1.63 percentage points year-on-year.

During the Reporting Period, as the demands in the international market declined due to the impact of the COVID-19 epidemic abroad, the export sales volume of the Company decreased by 41% year-on-year and export sales amount dropped by 35.81% year-on-year. With the gradual enhancement of capacity utilization of newly constructed overseas projects and continued improvement of sales network, overseas project companies recorded year-on-year increases of 30.64% and 33.63% in sales volume and sales amount respectively.

During the Reporting Period, the Group steadily pushed forward project constructions and mergers and acquisitions at home and abroad. The clinker project of Tibet Basu Conch Cement Co., Ltd. was at the peak of construction. After the Company acquired Wuhu South Cement Co., Ltd., the production capacity of clinker increased by 4.5 million tonnes and the production capacity of cement increased by 1.6 million tonnes. In terms of overseas development, one clinker line and two cement grinding units of Myanmar Conch (Mandalay) Cement Co., Ltd. have been completed and put into operation. By strengthening its overseas presence and increasing its efforts in market expansion, the overall operating quality of the Group's projects in operation has been persistently improved. The projects under construction and planned for construction in regions including Southeast Asia and Central Asia made satisfactory progress.

"In the second half of 2020, the PRC government will focus on the goal and task of building a well-off society in an all-round way and promote epidemic prevention and control as well as overall economic and social development. Infrastructure investment is expected to continue to improve, real estate investment is expected to remain stable, and strong support for cement demand is expected to continue. In order to win the battle on the environmental front, environmental regulation on air pollution will not be relaxed, and local environmental protection control will see stricter measures. In addition, consistent impact arising from the implementation of policies such as off-peak production and comprehensive mine regulation is conducive to balancing the supply and demand relationship in the cement industry," said Conch Cement management.

As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commercial concrete amounted to 259 million tonnes, 366 million tonnes, 56.80 million tonnes and 3 million cubic meters respectively.

"In the second half of the year, the Group will insist on achieving high quality development. With respect to overseas development, the Group will actively and steadily implement its internationalization development strategies, continuously improve the quality of the projects under operation, accelerate the construction of contracted projects, further improve the overseas development system and strengthen internal management during the transition period of the epidemic. In terms of domestic development, the Group will focus on the cement business, seize development opportunities, actively seek suitable merger and acquisition targets, and continuously improve the market layout. At the same time, the Group will accelerate the upstream and downstream industrial chain extension, fully promote the implementation of aggregate projects, steadily expand the concrete business, test-drive its venture into prefabricated construction business, and continuously expand the fields of new business activities," Conch Cement management added.

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 unaudited consolidated statement of profit or loss for the six months ended 30 June 2020)

Anhui Conch Cement Company Limited
Unaudited Consolidated Statement of Profit or Loss
For the six months ended 30 June 2020
(Prepared in accordance with IFRS)

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	RMB'000	RMB'000
Revenue	74,006,895	71,643,826
Cost of sales and services rendered	<u>(51,348,962)</u>	<u>(49,045,000)</u>
Gross profit	22,657,933	22,598,826
Other revenue	2,283,562	1,674,710
Other net income	11,847	67,324
Selling and marketing costs	(1,791,651)	(1,983,125)
Administrative expenses	<u>(1,853,583)</u>	<u>(2,198,191)</u>
Profit from operations	21,308,108	20,159,544
Finance costs	(216,603)	(234,809)
Share of profits of associates	160,966	167,153
Share of profits of joint ventures	<u>261,871</u>	<u>267,174</u>
Profit before taxation	21,514,342	20,359,062
Income tax	<u>(4,878,210)</u>	<u>(4,717,522)</u>
Profit for the period	<u>16,636,132</u>	<u>15,641,540</u>
Attributable to:		
Equity shareholders of the Company	16,086,075	15,281,711
Non-controlling interests	<u>550,057</u>	<u>359,829</u>
Profit for the period	<u>16,636,132</u>	<u>15,641,540</u>
Earnings per share		
Basic	<u>RMB 3.04</u>	<u>RMB 2.88</u>
Diluted	<u>RMB 3.04</u>	<u>RMB 2.88</u>