

CONCH CEMENT 2021 FIRST HALF NET PROFIT AMOUNTED TO RMB14,968 MILLION AGGREGATE NET SALES VOLUME OF CEMENT AND CLINKER REACHED 208 MILLION TONNES

27 August 2021 -- 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 2021 (the “Reporting Period”) amounted to approximately RMB80,433 million, representing an increase of 8.68 per cent year-on-year. The net profit attributable to equity shareholders of the Company amounted to RMB14,968 million, representing a year-on-year decrease of approximately 6.95 per cent; earnings per share were RMB2.82. The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

During the Reporting Period, the Group strove to overcome the impact of various unfavourable factors, including the increase in prices of bulk raw materials and fuel as well as fierce market competition; it strengthened the organization of production and marketing and resources coordination and adhered to differentiated marketing strategies. As a result, the Company maintained stable selling prices and achieved steady growth in sales volume. The Group also enhanced its study and analysis on the market conditions, consolidated long-term cooperation for procurement of coal, kept reasonable pace of procurement as well as controlled the procurement cost of materials. Furthermore, the Group emphasized and accelerated the application of scientific and technological innovation results, promoted green initiatives in the industry, strengthened operation management and control of performance indicators, so as to continue to increase the quality of the Company’s operation.

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 208 million tonnes, representing a year-on-year increase of 11.49 per cent. Revenue generated from principal activities reached RMB69,432 million, representing a year-on-year increase of 11.12 per cent. Operating cost increased by 18.50 per cent year-on-year to RMB47,479 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 4.26 percentage points to 31.62 per cent.

The Group realised a sales volume of self-produced products of cement and clinker of 154 million tonnes, representing a year-on-year growth of 9.43 per cent. Sales revenue from self-produced products amounted to RMB51,353 million, representing a year-on-year increase of 8.98 per cent. Cost of sales of self-produced products increased by 18.97 per cent year-on-year to RMB29,435 million. The consolidated gross profit margin of self-produced products decreased by 4.82 percentage points year-on-year to 42.68 per cent.

During the Reporting Period, in East China and Central China, the market demand was stable, leading to growth in sales volume and selling price. Sales amount in East China and Central China increased by 22.08 per cent and 11.42 per cent year-on-year respectively, while gross profit margins dropped by 1.46 percentage points and 4.06 percentage points year-on-year respectively owing to rising purchase price of raw coal. In South China, due to stable market

demand, sales volume achieved a year-on-year growth. However, affected by the prolonged rainy weather, the selling price dropped slightly. The Group recorded a year-on-year increase of 15.28 per cent in sales amount, while gross profit margin decreased by 5.04 percentage points year-on-year. In West China, due to the decline in market demand and affected by the decrease in sales volume and selling price, the sales amount decreased by 13.94 per cent year-on-year; gross profit margin decreased by 13.89 percentage points year-on-year. During the Reporting Period, affected by COVID-19 pandemic in overseas markets, international market demand declined; as a result, the Company's export sales volume decreased by 29.94 per cent year-on-year and export sales amount dropped by 32.89 per cent year-on-year. With continued improvement in the sales network of overseas projects, the sales volume and sales amount of overseas project companies increased by 21.16 per cent and 12.03 per cent year-on-year respectively.

During the Reporting Period, the Group steadily proceeded with the construction of domestic and overseas projects. One clinker production line and two cement grinding units of Hunan Yunfeng Cement Co., Ltd. had been completed and put into operation and the construction of the grinding plant projects in regions including Haimen and Ganzhou had begun. The Group successfully entered into agreements on aggregate projects in regions including Tongling and Chizhou. In terms of overseas development, the overall operating quality of the Group's projects in operation continued to improve. The Qarshi project in Uzbekistan had proceeded to installation of equipment. Other existing and planned construction projects are also making orderly progress.

Conch Cement management remarked: "In the second half of 2021, the PRC government will adhere to the main theme of making progress while maintaining stability; it will also implement the new development concept fully and accurately by deepening the structural reform of the supply side, accelerating the forming of a new development environment, and promoting high-quality development. China adheres to the positioning of "houses are for inhabitation and not for speculation" (房住不炒), by ensuring stable land prices, stable housing prices, stable expectations and promoting steady and healthy development of the real estate market. Influenced by adjustment and control policies, the growth rate of real estate development investment is expected to gradually slow down. At the same time, China will continue to step up efforts in ecological environment management to achieve peak carbon emission and carbon neutrality through effective coordination; the cement industry will continue with the region-wide and normalised implementation of off-peak season production, while policies on capacity replacement will become increasingly stringent. All the above will be conducive to the improvement of the industry's supply-demand relationship."

As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commercial concrete amounted to 264 million tonnes, 372 million tonnes, 58.30 million tonnes and 4.2 million cubic metres respectively.

Conch Cement management added: "In the second half of the year, the Group will be committed to high-quality development. In terms of investment and development, the Group plans to increase investment and development efforts around the Company's 14th Five-Year Development Plan and annual investment plan. First, the Group will accelerate the

implementation of a complete supply chain development approach by dedicating to the development of the aggregate business, with an emphasis on the construction of large-scale aggregate projects; actively developing commercial concrete business, with an aim to create new industrial growth poles; second, the Group will steadily promote its international development strategy, insist on both new construction and mergers and acquisitions, make progress in the development of existing projects, and step up efforts in carrying out expansion projects; third, the Group will continue to improve its market layout and actively seek targets for merger and acquisition, with an emphasis on increasing its influential power and dominance in regional markets; fourth, the Group will continue to further develop intelligence and information technology, accelerate the pace of innovation, increase investment in research and development, and consolidate and enhance the Company's core competitiveness.”

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 2021)

Anhui Conch Cement Company Limited
Unaudited Consolidated Statement of Profit or Loss
For the six months ended 30 June 2021
(Prepared in accordance with IFRS)

	<i>Six months ended 30 June</i>	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	80,432,865	74,006,895
Cost of sales and services rendered	<u>(58,657,340)</u>	<u>(51,348,962)</u>
Gross profit	21,775,525	22,657,933
Other revenue	2,596,981	2,283,562
Other net (loss) / income	(130,892)	11,847
Selling and marketing costs	(1,947,448)	(1,791,651)
Administrative expenses	<u>(2,592,529)</u>	<u>(1,853,583)</u>
Profit from operations	19,701,637	21,308,108
Finance costs	(190,029)	(216,603)
Share of profits of an associate	234,942	160,966
Share of profits of joint ventures	<u>139,639</u>	<u>261,871</u>
Profit before taxation	19,886,189	21,514,342
Income tax	<u>(4,499,215)</u>	<u>(4,878,210)</u>
Profit for the period	<u>15,386,974</u>	<u>16,636,132</u>
Attributable to:		
Equity shareholders of the Company	14,968,080	16,086,075
Non-controlling interests	<u>418,894</u>	<u>550,057</u>
Profit for the period	<u>15,386,974</u>	<u>16,636,132</u>
Earnings per share		
Basic	<u>RMB 2.82</u>	<u>RMB 3.04</u>
Diluted	<u>RMB 2.82</u>	<u>RMB 3.04</u>