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## **Asia Cement (China) Holdings Corporation**

**亞洲水泥(中國)控股公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 743)**

### **ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2021**

#### **SUMMARY**

The directors (“**Directors**”) of Asia Cement (China) Holdings Corporation (the “**Company**”) announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2021. This announcement is made as part of the Company’s practice to publish its financial results quarterly and pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The unaudited consolidated profit attributable to owners for the three months ended 31 March 2021 was approximately RMB467.3 million.

The Directors of the Company are making this announcement of the Group’s unaudited consolidated results for the three months ended 31 March 2021 in line with its practice to publish the Group’s financial results quarterly and pursuant to paragraph 13.09 of the Listing Rules.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<b>For the three months ended</b>	
	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>2,298,385</b>	1,287,289
Cost of sales	<b>(1,535,992)</b>	(728,734)
Gross profit	<b>762,393</b>	558,555
Other income	<b>40,179</b>	57,321
Other gains and losses	<b>7,836</b>	(139)
Distribution and selling expenses	<b>(101,330)</b>	(63,299)
Administrative expenses	<b>(65,728)</b>	(185,133)
Share of profits of joint ventures	<b>2,174</b>	244
Share of losses of associates	<b>(2,496)</b>	(2,330)
Finance costs	<b>(9,946)</b>	(52,987)
Profit before tax	<b>633,082</b>	312,232
Income tax expenses	<b>(152,351)</b>	(92,163)
Profit and total comprehensive income for the period	<b>480,731</b>	220,069
Profit and total comprehensive income for the period attributable to:		
Owners of the Company	<b>467,344</b>	210,057
Non-controlling interests	<b>13,387</b>	10,012
	<b>480,731</b>	220,069
	<b>RMB</b>	<b>RMB</b>
Earnings per share:		
Basic	<b>0.298</b>	0.134

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <b>31 March</b> <b>2021</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2020 <i>RMB'000</i> <i>(Unaudited)</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,448,208	7,586,580
Quarry	984,770	999,574
Investment properties	123,247	123,247
Goodwill	554,241	554,241
Other intangible assets	4,413	4,822
Interest in joint ventures	67,189	60,515
Interest in an associate	715,528	718,025
Deferred tax assets	108,223	110,571
Right of use assets	842,366	802,275
	<b>10,848,185</b>	10,959,850
<b>CURRENT ASSETS</b>		
Inventories	684,665	608,368
Trade and other receivables	2,331,417	2,385,038
Note receivables	2,418,238	2,401,163
Amount due from an associate	2,287	4,224
Other financial asset	65,713	–
Bank balances and cash	5,352,799	5,275,608
	<b>10,855,119</b>	10,674,401
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,004,835	1,204,170
Contracts liabilities	197,976	229,310
Amount due to joint ventures	16,993	13,490
Tax payables	147,197	494,122
Borrowings – due within one year	977,126	872,988
Lease liability – current	6,803	6,007
	<b>2,350,930</b>	2,820,087
<b>NET CURRENT ASSETS</b>	<b>8,504,189</b>	7,854,314
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>19,352,374</b>	18,814,164

	<b>As at 31 March 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Unaudited)</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings – due after one year	2,151,962	2,099,171
Lease liability	98,411	98,428
Deferred tax liabilities	52,354	47,176
Provision for environmental restoration	37,689	38,161
	<u>2,340,416</u>	<u>2,282,936</u>
<b>NET ASSETS</b>	<u><b>17,011,958</b></u>	<u>16,531,228</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	140,390	140,390
Reserves	16,476,040	16,008,693
	<u>16,616,430</u>	<u>16,149,083</u>
Equity attributable to owners of the Company	16,616,430	16,149,083
Non-controlling interests	395,528	382,145
	<u>17,011,958</u>	<u>16,531,228</u>

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the three months ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash from operating activities	97,572	447,038
Net cash used in investing activities	(167,352)	(20,176)
Net cash from financing activities	146,971	2,213,279
	<u>77,191</u>	<u>2,640,141</u>
Net increase in cash and cash equivalents	77,191	2,640,141
Cash and cash equivalents at beginning of the year	5,275,608	7,942,576
	<u>5,352,799</u>	<u>10,582,717</u>
Cash and cash equivalents at 31 March	<u><b>5,352,799</b></u>	<u>10,582,717</u>

The Group's unaudited consolidated results for the three months ended 31 March 2021 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the last annual report for the year ended 31 December 2020.

The Directors do not recommend payment of a dividend in respect of the first three months of 2021 (2020: Nil).

## **Business Review and Prospects**

In the first quarter of 2021, the economy was getting stronger and improving while maintaining stability, with increased market activities, greater production demand, employment and price stability, and people's livelihood ensured. China's national economy has made a good start. But at the same time, the coronavirus outbreak was still spreading across the world, the international environment remained complicated, the foundation for domestic economic recovery was fragile, and the long-standing structural problems continued to persist. In the first quarter of 2021, the national gross domestic product ("GDP") increased by 18.3% year-on-year, and rose by 5% based on a two-year average growth; the fixed asset investment of China increased by 25.6% year-on-year, and rose by 2.9% based on a two-year average growth; the national infrastructure investment increased by 29.7% year-on-year, and rose by 2.3% based on a two-year average growth; the national property development investment increased by 25.6% year-on-year, and rose by 7.6% based on a two-year average growth.

The persistent effects of the investment stabilization policies in early 2021, coupled with the government's calls for people to stay put during Chinese New Year had caused cement market activities to pick up earlier after Chinese New Year. High demand from downstream real estate sector and infrastructure construction supported rising cement output. From January to March 2021, the total national cement output was 439 million tonnes, up by 47.3% from that of the same period of 2020. Cement output in March amounted to 197 million tonnes, up by 33.1% from that of the same period of 2020.

The January to February period is the traditional low season for the cement market. The overall market demand in the middle and lower reaches of the Yangtze River was weak. During the period, the price of clinker along the river decreased by RMB80 per tonne, and the price of cement continued to decrease by RMB40-60 per tonne. After Chinese New Year, there were sufficient workers in various places as they stayed behind during the festive holiday and the weather continued to be fine; as such construction at construction sites and projects in general started earlier than in previous years, thus boosting cement demand. The aforesaid coupled with strict implementation of off-peak season production and restricted production with respect to the supply side, as well as the inventory of major enterprises staying at low levels had tightened the supply of cement and clinker. As of mid-April, clinker along the Yangtze River had undergone four rounds of price increases, with a cumulative increase of RMB100 per tonne. Cement in the middle and lower reaches of the river had also experienced two rounds of upward adjustments, with an increase of RMB40-60 per tonne, and further price increase is expected in the markets in the lower reaches of the river. The Sichuan

market was severely impacted by cement from surrounding areas from January to February, with a cumulative drop of RMB30 per tonne. Entering March, as local enterprises diligently executed off-peak season production and demand rapidly recovered, the extent of impact of cement from surrounding areas had decreased, easing supply-demand imbalance. At the end of March, the Chengdu market had a one-time price adjustment of RMB50 per tonne, and cement prices are expected to stabilize in the future.

In the first quarter of 2021, the Group's cement and clinker sales volume was 6.25 million tonnes, while in the same period of 2020, the sales volume of the Group's cement products was only 3.04 million tonnes due to the novel coronavirus pandemic. In the second quarter, all each company will have completed the overhaul of kilns, which have been shut down for maintenance. Following this, the Group will be able to fully utilize its production capacity. It is expected that the Group's cement and clinker sales volume in the second quarter will reach 8.2 million tonnes, which is almost the same as the 8.1 million tonnes achieved in the same period of 2020.

2021 is the 100th anniversary of the founding of the Communist Party of China. The "14th Five-Year Plan" will commence in 2021, and a new journey of building a modern socialist country will begin. While the economy continues to recover steadily and supply-side structural reforms persist, the cement industry is also facing both opportunities and challenges. In 2021, the Group still has a lot to do:

On the demand side, as China has achieved remarkable results in epidemic prevention and control efforts, its economy continues to recover rapidly and infrastructure investment, being a major support for stabilising economic growth, continues to come into play. All this will have huge positive impact on cement demand. In 2021, the government of the People's Republic of China ("PRC") proposed to focus on supporting "two new-types and one major development" (new-type of infrastructure development, new-type of urbanization and development of major engineering projects for transportation and water conservancy). It issued the "National Comprehensive Three-dimensional Transportation Network Planning Outline" and proceeded with the construction of major projects and actively planned and prepared for stabilizing investment. According to inexhaustive statistical report, during 2021 or 2020, the number of major projects nationwide collectively commencing construction had exceeded 10,000, with a total investment scale of RMB4,412.4 billion.

On the supply side, the state promotes normalization (with specified periods and specified areas) of execution of off-peak season production of cement, which is conducive to maintaining strict control over the output on the supply side. At the end of 2020, the Ministry of Industry and Information Technology and the Ministry of Ecology and Environment of the PRC jointly issued the "Notice on Further Normalization of Off-Peak Season Cement Production" to further implement and fine-tune the mechanism for normalization of off-peak season production. As the provincial governments of major cement producing provinces including Jiangxi and Anhui take part in the supervision of off-peak season production this year, the cement supply in the middle and lower reaches of the Yangtze River where the Group has significant presence will further be reduced. The regional cement supply-demand imbalance will be eased and price is expected to find support.

The March to May period is a “minor peak season” for the traditional cement industry. Based on moderate market demand and relatively stable market prices, the Group expects to maintain a relatively high level of profitability in the second quarter. The Group will continue to work hard to explore its own potential, reduce costs, continue to promote enterprise informatization and intelligent transformation, so as to enhance its overall competitiveness. Given the country’s economic trends and industry market dynamics, the Group’s management is optimistic about achieving its expected profit targets.

By Order of the Board  
**Asia Cement (China) Holdings Corporation**  
**HSU Shu-tong**  
*Chairman*

Hong Kong, 28 April 2021

*As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, Mr. CHANG Tsai-hsiung, Dr. WU Chung-lih, Mr. CHANG Chen-kuen, Mr. LIN Seng-chang and Ms. WU Ling-ling; the non-executive Director and Chairman is Mr. HSU Shu-tong; the independent non-executive Directors are Mr. TSIM Tak-lung Dominic, Mr. WANG Wei, Mr. LEE Kao-chao and Dr. WANG Kuo-ming.*