



Asia Cement (China) Holdings Corporation Record of Annual General Meeting in 2020

Preface:

The 2020 annual general meeting (the “AGM”) of Asia Cement (China) Holdings Corporation was held in Taipei on 5 June 2020. On the day, the total number of the Company’s issued shares was 1,566,851,000, being the total number of shares entitling the holders to attend and vote for or against the resolutions at the AGM. There were no shareholders who were materially interested in any of the resolutions, and therefore none of the shareholders were required under the Listing Rules to abstain from voting in respect of the resolutions at the AGM. After the consideration by the AGM, more than 50% of the votes were cast in favour of each of the resolutions by way of poll. As such, all the resolutions and notice of AGM published on 29 April 2020 were duly passed.

The 2020 AGM of Asia Cement (China) Holdings Corporation were held at Conference Room, 39/F., Taipei Metro Tower, No. 207, Tun Hwa South Road, Section 2, Taipei on 5 June 2020 at 3:00 pm. Mr. Hsu Shu-tong, Chairman, Mr. Hsu Shu-ping, Vice Chairman, Mr. Chang Tsai-hsiung, Executive Director, Mr. Lin Seng-chang, Executive Director, Ms. Wu Ling-ling, Executive Director, Mr. Lee Kao-chao, INED and Dr. Wang Kuo-ming, INED attended the meeting in person. Dr. Wu Chung-lih, Executive Director and Chief Executive Officer, Mr. Chang Chen-kuen, Executive Director, Mr. Tsim Tak-lung Dominic, INED and Mr. Wang Wei, INED attended via video conference from Jiangxi, Hong Kong and Beijing. The meeting was chaired by Chairman Hsu Shu-tong. Before shareholders considered each of the resolutions put forth at the meeting, Chief Executive Officer Dr. Wu Chung-lih gave a presentation on the Company’s operating results in 2019, the forecast and outlook for 2020 to the shareholders and guests attending the meeting.

Speech of Dr. Wu Chung-lih:

- In 2019, the Group produced 24.84 million tonnes of clinker, which was basically the same as in 2018; sales of cement was 28.65 million tonnes, a decrease of 1% from 2018; together with the sales of clinker and slag powder, sales in 2019 were approximately over 30 million tonnes.

Due to the increase in raw material prices, the cost of cement production rose from RMB207 to RMB212, an increase of 2%. However, due to the 11% increase in the price of cement per tonne, the profit in 2019 exceeded that in 2018.

- In terms of revenue, after the breakthrough in 2018, the Group achieved RMB10 billion again in 2019, and achieved an 11% increase over 2018. The gross profit increased by 21%, gross profit margin rose to 42.2%, net operating profit exceeded RMB4.4 billion with net operating profit margin reaching 35.2%. The net profit after tax rose sharply to more than RMB3.2 billion, net profit margin (after tax) increased by 29%. Earnings per share increased by 30% from RMB1.545 in 2018 to RMB2.009 in 2019.
- The Group ranked 7th in the 2019 listed China cement companies in terms of comprehensive strength by China Cement Association.
- The industry overview for the first quarter of 2020 is as follows:
 - ✓ Affected by the COVID-19 epidemic, IMF lowered its 2020 global economic growth forecast to -3%. Lowered China's 2020 economic growth forecast to 1.2%.
 - ✓ From January to March, the growth rate of fixed asset investment was -16.1%, the investment growth rate shrank sharply, the growth rate of infrastructure investment was -19.7%, the infrastructure investment also shrank significantly. However, the growth rate of infrastructure investment for the whole year is expected to rebound obviously, and is expected to remain at around 8% to 9%.
 - ✓ From January to March, cement output was 299 million tonnes, a year-on-year decrease of 23.9%, of which March was down 18.3% year-on-year. The impact of COVID-19 epidemic was more serious.
 - ✓ Benefiting from the high and stable prices at the end of 2019, the average cement price in the first quarter of 2020 is RMB456 per tonne (tax inclusive and in-place price), representing a year-on-year increase of 4.4%. The decline in output reduced the total industry profit in the first quarter to RMB16.8 billion, a year-on-year decrease of 30.95%.
 - ✓ In terms of fiscal policy, the fiscal deficit has increased by RMB1 trillion from last year, and RMB1 trillion special treasury bond was issued at the same time. It is planned to arrange special bonds for local governments to be RMB3.75 trillion, an increase of RMB1.6 trillion over last year. Fiscal expenditures have been increased to support the improvement of cement demand.
 - ✓ The State has stepped up its efforts to reduce taxes and fees, continue to implement the

reduction of the value-added tax rate, increase taxes and fees by about RMB500 billion, and extend the policy of reducing industrial and commercial electricity prices by 5% except for high-energy-consuming large industries until the end of the year.

✓ In the second quarter, the epidemic in the country has been basically under control, and infrastructure projects have started to accelerate, and the demand for the second quarter of 2020 is expected to be more optimistic.

● Performance in the first quarter of 2020 in comparison with that of 2019 is as follows:

✓ Clinker production and cement sales fell by 42% and 53% respectively, cement production costs fell by 5%, and cement prices rose by RMB17 compared to the same period last year. Due to the decline in production and sales, operating income and gross profit fell.

✓ The gross profit margin was 43.4%, the net operating profit decreased by 60%, net profit margin was 24.1%, net profit after tax, net profit after tax and EPS were RMB220 million, 17.1% and RMB0.134 respectively.

● The cement market outlook for 2020:

✓ Supply side: off-peak season production continues, and the supply and demand structure is basically balanced

✓ Demand side: Large infrastructures together with new infrastructures, underpinning demand

✓ In 2020, the cement industry will benefit from the government's economic stimulus plan. It is expected that in 2020, the cement industry will present a situation of low and high, cement prices can still fluctuate in the high-end range, and the high level of profitability can still be maintained.

The resolutions approved at the Company's AGM in 2020:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the independent auditors for the year ended 31 December 2019.
2. To approve and declare a final dividend for the year ended 31 December 2019 of RMB0.50 per share.
3. By way of separate resolution to consider and approve the followings:
 - (i) To re-elect Dr. WU, Chung-lih as an executive Director.
 - (ii) To re-elect Mr. LIN, Seng-chang as an executive Director.;
 - (iii) To re-elect Mr. WANG, Wei as an independent non-executive Director;

- (iv) To re-elect Mr. LEE, Kao-chao as an independent non-executive Director;
- (v) To authorize the Board to determine their remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as the Auditors and to authorise the Board to fix their remuneration.
 5. To give a general mandate to the Directors to issue, allot and deal with additional shares of the Company not exceeding 20% of the total number of issued shares of the Company as at the date of passing of this resolution.
 6. To give a general mandate to the Directors to repurchase shares of the Company not exceeding 10% of the total number of issued shares of the Company as at the date of passing of this resolution.
 7. To extend the general mandate granted to the Directors to issue, allot and deal with additional shares in the capital of the Company by the aggregate number of the shares repurchased by the Company pursuant to the mandate by resolution no. 6.
 8. To approve and adopt the 2020 Amended and Restated Operational Procedures for Acquisition and Disposal of Assets, Making Advances to Third Parties, Guarantees by Way of Endorsement and the articles of association of the Company.