



Asia Cement (China) Holdings Corporation Record of Annual General Meeting in 2021

Preface:

The 2021 annual general meeting (the “AGM”) of Asia Cement (China) Holdings Corporation was held in Taipei on 11 June 2021. 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 12 May 2021 were duly passed.

The 2021 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 11 June 2021 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 and Mr. Lee Kao-chao, INED attended the meeting in Taipei in person. Dr. Wu Chung-lih, Executive Director and Chief Executive Officer, Mr. Chang Chen-kuen, Executive Director, Mr. Tsim Tak-lung Dominic, INED, Mr. Wang Wei, INED and Dr. Wang Kuo-ming, INED attended the meeting via video conference from Jiangxi, Hong Kong, Beijing and Taichung respectively. The meeting was chaired by Chairman Hsu Shu-tong. Before shareholders considered each of the resolutions put forth at the meetings, Chief Executive Officer Dr. Wu Chung-lih gave a presentation on the Company’s operating results in 2020, the forecast and outlook for 2021 to the shareholders and guests attending the meeting.

Speech of Dr. Wu Chung-lih:

- In 2020, the Group produced 23.91 million tonnes of clinker, which was 4% lower than that in 2019; sales of cement was 26.79 million tonnes, a decrease of 6% from 2019; together with the sales of clinker and slag powder, sales in 2020 were approximately over 29 million tonnes. Due to the decrease in coal prices, the cost of cement production dropped from RMB212 to RMB197, a decrease of 7%. Due to the 9% decrease in the price of cement per tonne, the profit in 2020 is lower than that of 2019.

- In terms of revenue, despite the impact of the epidemic, the Group's revenue in 2020 remained above RMB10 billion, 14% lower than in 2019. The gross profit decreased by 15%, gross profit margin decreased to 41.7%, net operating profit exceeded RMB3.6 billion with net operating profit margin reaching 34.1%. The net profit after tax was RMB2.75 billion, while net profit margin (after tax) amounted to 25.4%, which is basically the same level as 2019. Earnings per share lowered 15% from RMB2.009 in 2019 to RMB1.703,
- The Group ranked 8th in the 2020 listed China cement companies in terms of comprehensive strength by China Cement Association.
- The industry overview for the first quarter of 2021 is as follows:
 - ✓ China's economic growth in the first quarter of 2021 reached 18.3%, and the annual economic growth is estimated to be about 8%.
 - ✓ From January to March, the growth rate of fixed asset investment was 25.6%, the investment growth rate recovered strongly, the growth rate of infrastructure investment was 29.7%, and the infrastructure investment grew steadily.
 - ✓ Cement output from January to March was 439 million tonnes, a year-on-year increase of 47.3%, and an increase of 12.6% from 2020. Industry-wide revenue was RMB190.4 billion, a year-on-year increase of 36.5%.
 - ✓ Benefited from the substantial increase in sales volume, although cement prices fell in the first quarter, the industry profit reached RMB20.1 billion, an increase of 13.1% year-on-year.
 - ✓ In April 2021, environmental protection inspectors found that Jiujiang's total energy consumption control during the "13th Five-Year Plan" period was ineffective, high-energy-consumption projects continued to expand, illegal construction problems were prominent, and the total energy consumption control situation during the "14th Five-Year Plan" period is severe.
 - ✓ In the second quarter, the nationwide infrastructure projects commenced intensively, and there were many major projects, which accelerated the release of cement demand. The demand for cement has rebounded significantly. In March and April, cement prices in many parts of the country showed an upward trend. At the end of May, summer staggered production began in many parts of the country, and the price adjustment was limited. It is expected that the overall cement market in the first half of the year will still have expectation in volume and price.
- Performance in the first quarter of 2021 in comparison with that of 2020 is as follows:

- ✓ Clinker production and cement sales rose by 68% and 121% respectively. Although cement production costs rose by 11%, cement prices decreased by RMB43 compared to the same period last year. Operating income and gross profit increased when compared with last year.
- ✓ The gross profit margin dropped to 33%, the net operating profit increased by 92%, net profit margin was 26%, net profit after tax, net profit after tax and EPS were RMB480 million, 21% and RMB0.298 respectively.
- The cement market outlook for 2021:
 - ✓ Supply side: Green transformation of the building materials industry, curb the pointless development of the two high-level projects, and improve the supply and demand structure
 - ✓ Demand side: Cement demand maintains a high plateau period.
 - ✓ GDP growth of more than 6% in 2021, new infrastructure+ ew urbanization construction, transportation power country+major infrastructure construction, urban agglomeration integration+ key regional strategy, high-quality development of cement quality, accelerate the upstream and downstream extension of the supply chain.
 - ✓ Energy consumption per unit of GDP has dropped by 3%, and emissions of major pollutants have continued to decline. As a key industry for carbon peak and carbon neutrality, the direction of the transition lies in vigorously developing a green economy, increasing investment in science and technology, and scientifically reducing carbon.

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 2020.
2. To approve and declare a final dividend for the year ended 31 December 2020 of RMB0.511 per share.
3. By way of separate resolution to consider and approve the followings:
 - (i) To re-elect Mr. Chang Tsai-hsiung as an executive Director.
 - (ii) To re-elect Mr. Chang Chen-kuen as an executive Director.;
 - (iii)To re-elect Ms. Wu Ling-ling, as an executive Director;
 - (iv)To re-elect Mr. Tsim Tak-lung Dominic 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.