

CONCH CEMENT 2022 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY REACHED RMB15,860.55 MILLION, PAYMENT OF A FINAL DIVIDEND OF RMB1.48 PER SHARE

27 March 2023 -- Anhui Conch Cement Company Limited (“Conch Cement” or the “Company”, together with its subsidiaries as the “Group”, stock code: 00914) reported its revenue for the year ended 31 December 2022 (the “Year”) prepared according to International Financial Reporting Standards (“IFRS”) amounting to approximately RMB132,021.55 million; the net profit attributable to equity shareholders of the Company amounted to approximately RMB15,860.55 million; earnings per share were RMB2.99. The board of directors of the Company recommended the payment of a final dividend of RMB1.48 per share (tax inclusive) for the year 2022.

In 2022, due to the year-on year decreases in sales volume and the selling price of products and factors including increase in costs, Conch Cement’s operating results were affected and decreased. During the Year, domestic and international economies were in complicated situation with weakening market demand and high energy costs. In the face of the above, the Group actively responded and proactively sought changes to overcome the impact of the unexpected factors. The Group also gave full play to the advantages of large-scale procurement, ensured economic supply of high-quality resources, strengthened the operation management and indicator control, and strove to improve the quality of production and operation.

During the Year, the Group’s sales volume of self-produced cement and clinker products amounted to 283 million tonnes, representing a year-on-year decrease of 6.94%. With the continuous improvement of sales market network for overseas projects, overseas project companies recorded year-on-year increases of 22.40% and 41.70% in sales volume and sales amount respectively.

During the Year, the Group actively promoted project construction and mergers and acquisitions, actively extended the upstream and downstream industrial chains, and steadily explored into emerging industries such as new energy, energy conservation and environmental protection. The capacity replacement project of Anhui Chizhou Conch Cement Co., Ltd. and the two clinker production lines of the Qarshi project in Uzbekistan were put into operation as planned. The Group completed its acquisition of the cement projects such as Chongqing Duoji Renewable Resources Co., Ltd., Naimanqi Hongji Cement Co., Ltd. and Chifeng Hahe Cement Co., Ltd. Aggregate projects such as Tongling Conch New Building Materials Co., Ltd. and Fenyi Conch Building Materials Co., Ltd. were completed and put into operation. Nantong Conch Concrete Co., Ltd., Huaian Conch Green Construction Technology Co., Ltd. and other commodity concrete projects were completed and put into operation. The Group completed the acquisitions of four commodity concrete projects, including Changsha Yongyun Building Materials Co., Ltd., Changde Dingxing Concrete Products Co., Ltd., Linxia Tianxiang Commercial Concrete Co., Ltd. and Guixi Yinggui Ready-mixed Mortar Co., Ltd. Zongyang All-vanadium Flow Battery Energy Storage Project and Xuancheng Photovoltaic BIPV Project (Phase I) were successfully put into production. The Group acquired shareholding of China Conch Environment Protection Holdings Ltd., a leading listed company in industrial solid hazardous waste disposal, creating a new industrial growth pole.

As at the end of the Year, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 269 million tonnes, 388 million tonnes, 108 million tonnes and 25.50 million cubic meters respectively, and the capacity of photovoltaic storage power generator in operation amounted to 475 MW.

In 2023, the Group plans to achieve the annual net sales volume of cement and clinker (excluding trading volume) of 307 million tonnes, and it is estimated that the cost per tonne of products and the expense per tonne of products will be relatively stable.

Conch Cement management stated: "In 2023, in terms of infrastructure, the government will actively expand effective investments. Construction of major engineering projects stipulated in the "14th Five-Year Plan" and water conservancy infrastructure will be accelerated. The government will intensify efforts in key areas to fill shortcomings and strengthen the weak. Infrastructure investment will have certain support for cement demand. In terms of real estate, China will adhere to the position that "houses are for inhabitation and not for speculation", and will enhance guidance for market expectations on the real estate market, in order to promote the steady and smooth transition of the real estate industry to a new development model. The State will fully implement the rural revitalization strategy to promote the rural development, which is expected to provide support for the market demand. At the same time, the State will further enhance environmental pollution prevention, promote the work of "peak carbon dioxide emissions and carbon neutrality" in an orderly manner, and continue to make the staggered production in the cement industry a regular practice, which will have a positive effect on supply contraction and elimination of excess capacity. Therefore, it is expected that the relationship between supply and demand in the cement industry may maintain a tight balance."

In terms of investment development, the Group will comprehensively coordinate the development of its main business and the extension of upstream and downstream industrial chains, and make every effort to expand the volume of production and improve the production efficiency. The Group will seize the opportunity to promote domestic development and further enhance the Company's market competitiveness. The Group will coordinate the promotion of overseas development and operation management, insisting the dual direction of new constructions as well as mergers and acquisitions and adopting a diversified development model, in order to improve the operation quality of existing projects.

In 2023, it is planned that the Group's capital expenditure will amount to RMB19,318 million, mainly sourced from its own funds, which will be mainly used for project construction, technological improvements on energy conservation and environmental protection, and project mergers and acquisitions, etc. It is estimated that the Group will increase annual production capacity of clinker (overseas), cement, aggregates and commodity concrete by 1.80 million tonnes, 10.20 million tonnes, 40.20 million tonnes and 7.80 million cubic meters, respectively.

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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 audited consolidated statement of profit or loss for the year ended 31 December 2022)

Anhui Conch Cement Company Limited
Audited Consolidated Statement of Profit or Loss
For the year ended 31 December 2022
(Prepared in accordance with IFRS)

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)
Revenue	132,021,554	167,959,693
Cost of sales and services rendered	(104,830,600)	(119,392,731)
Gross profit	27,190,954	48,566,962
Other income	3,625,618	5,100,956
Selling and marketing costs	(3,327,494)	(3,408,475)
Administrative expenses	(5,386,027)	(5,107,278)
Research and development costs	(2,011,317)	(1,327,247)
Profit from operations	20,091,734	43,824,918
Finance costs	(524,630)	(333,671)
Share of profits of associates	402,632	385,331
Share of profits of joint ventures	262,376	272,780
Profit before taxation	20,232,112	44,149,358
Income tax	(3,874,759)	(9,949,426)
Profit for the year	<u>16,357,353</u>	<u>34,199,932</u>
Attributable to:		
Equity shareholders of the Company	15,860,553	33,301,181
Non-controlling interests	496,800	898,751
Profit for the year	<u>16,357,353</u>	<u>34,199,932</u>
Earnings per share		
– Basic	<u>RMB2.99</u>	<u>RMB6.28</u>
– Diluted	<u>RMB2.99</u>	<u>RMB6.28</u>