

CONCH CEMENT 2021 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY REACHED RMB33,300.69 MILLION, PAYMENT OF A FINAL DIVIDEND OF RMB2.38 PER SHARE

25 March 2022-- 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 2021 (the “Year”) prepared according to International Financial Reporting Standards (“IFRS”) amounting to approximately RMB167,952.66 million; the net profit attributable to equity shareholders of the Company amounted to approximately RMB33,300.69 million; earnings per share were RMB6.28. The board of directors of the Company recommended the payment of a final dividend of RMB2.38 per share (tax inclusive) for the year 2021.

In 2021, in the face of the normalized COVID-19 pandemic prevention and control measures and the severe and complicated local and global economic environment, the Group strove to overcome the unfavorable factors, including the increase in bulk raw materials and fuel prices and the weakened market demand. The Group strengthened the organization of production, marketing and coordination of resources, and persisted in its adoption of a differentiated marketing strategy. The Group also closely monitored the supply market and enhanced in monitoring its analysis and study thereon, capitalized on its bulk purchase advantages, and consolidated long-term agreement for procurement of coal, so as to control the procurement costs of materials. Focusing on the green and low carbon cycle development, accelerating the practical application of scientific and technological innovation as well as strengthening the operation management and control of performance indicator, the Group has maintained sound operating performance.

During the Year, the Group realized an aggregate net sales volume of cement and clinker of 409 million tonnes, representing a year-on-year decrease of 9.76 per cent. Benefiting from a year-on-year increase in product selling price, the sales amount of the Group’s self-produced products increased by varying degrees in various regions of China except in the western region. In East China, Central China and South China, the market demands remained stable and sales volume of products declined slightly; benefiting from substantial growth in selling price, sales amount increased by 5.60 per cent, 6.23 per cent and 5.42 per cent year-on-year respectively. In West China, due to insufficient market demand, the Group recorded a decrease in sales volume of products, and sales amount declined by 0.32 per cent year-on-year. With respect to export and overseas sales, the Group’s export sales volume and sales amount declined year-on-year. With the continuous improvement of sales market network for overseas projects, overseas project companies recorded year-on-year increases of 7.53 per cent and 5.32 per cent in sales volume and sales amount respectively.

During the Year, the Group seized development opportunities by proactively carrying out construction and merger and acquisition of projects domestically and internationally, thereby achieving fruitful results in its core cement business and extending upstream and downstream industrial chains expansion. Hunan Yunfeng cement clinker project was completed and put into operation. The Group successfully acquired cement projects, including Guangdong Hongfeng Cement Co., Ltd., Guizhou New Shuanglong Cement Co., Ltd. and Tengchong Tengyue

Cement Co., Ltd.. Jiangxi Yiyang aggregate project was completed and put into operation, and the Group obtained mining rights of several aggregate projects through public bidding. The Group successfully acquired commodity concrete projects, including Anhui Guanteng Group, Yingde Tongde Concrete Co., Ltd. and Yingde Shengde Concrete Co., Ltd.. The Group completed the acquisition of the shares of Conch New Energy Co., Ltd., adding 19 photovoltaic power stations and three energy storage power stations. Overseas construction and planned construction projects were also in orderly progress.

During the Year, through construction and mergers and acquisitions, the Group increased the production capacity of clinker, cement, aggregates, and commodity concrete of 7.20 million tonnes, 14.25 million tonnes, 7.50 million tonnes and 10.50 million cubic meters, respectively. As at the end of the Year, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 269 million tonnes, 384 million tonnes, 65.80 million tonnes and 14.70 million cubic meters respectively, and the installed capacity of photovoltaic power generation amounted to 200 MW.

Conch Cement management stated: "In 2022, the cement industry will face various challenges and pressure including a decline in market demand, consistently high costs, control of energy consumption, etc. In respect of infrastructure, the government actively increases effective investments. The state will also stick to important strategic plans and "The 14th Five-Year Plan", and increase its investment in infrastructures at an appropriate advanced scale. It will also construct key hydraulic projects and comprehensive three-dimensional transportation network, promote the development of the Yangtze River Economic Zone and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and integrating the development of the Yangtze River Delta. Infrastructure investment will, to certain extent, support demand for cement. As to real estates, the PRC government will adhere to its principle that "houses are for inhabitation and not for speculation" (房住不炒). However, the downward trend in property investment will hardly be reversed in the short run, which will have adverse impact on cement demand. The state will promote rural revitalization in all aspects, improve the quality of new-type urbanization construction, facilitate urban renewal in an orderly manner and steadily promote the construction of city cluster and metropolitan area. At the same time, the PRC will strengthen composite treatment of ecological environment, strengthening prevention and control of pollution. It will also promote peak carbon dioxide emissions and carbon neutralisation in an orderly manner and the transition from "dual control" of energy consumption and energy intensity to "dual control" of total carbon emissions and carbon intensity, and improve the incentive and restraint policy on pollution and carbon emission reduction. The off-peak season production of the cement industry will continue to be normalized, which will have positive effects on supply contraction and eliminating excess capacity. As such, it is expected that the market demand and supply relationship may reach equilibrium."

In 2022, the Group plans to spend RMB23.5 billion on capital expenditure, mainly to be settled by its internal funds, which will be mainly used for project construction, energy conservation and environmental protection technological transformation, merger and acquisition projects and equity investments. It is expected (excluding mergers and acquisitions) that the capacity of clinker, cement, aggregates and commodity concrete for the whole year will increase by 4.6 million tonnes, 1.4 million tonnes, 44.0 million tonnes, 10.2 million cubic meters, respectively, and the installed capacity of photovoltaic power generation will reach 1GW.

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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 2021)

Anhui Conch Cement Company Limited
Audited Consolidated Statement of Profit or Loss
For the year ended 31 December 2021
(Prepared in accordance with IFRS)

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)
Revenue	167,952,664	176,294,715
Cost of sales and services rendered	(119,388,987)	(126,095,615)
Gross profit	48,563,677	50,199,100
Other income	5,100,015	5,620,041
Selling and marketing costs	(3,408,428)	(4,123,435)
Administrative expenses	(5,110,498)	(4,215,025)
Research and development costs	(1,317,332)	(647,262)
Profit from operations	43,827,434	46,833,419
Finance costs	(333,671)	(464,542)
Share of profits of associates	385,331	377,264
Share of profits of joint ventures	272,780	426,957
Profit before taxation	44,151,874	47,173,098
Income tax	(9,950,361)	(10,737,012)
Profit for the year	<u>34,201,513</u>	<u>36,436,086</u>
Attributable to:		
Equity shareholders of the Company	33,300,694	35,192,071
Non-controlling interests	900,819	1,244,015
Profit for the year	<u>34,201,513</u>	<u>36,436,086</u>
Earnings per share		
– Basic	<u>RMB6.28</u>	<u>RMB6.64</u>
– Diluted	<u>RMB6.28</u>	<u>RMB6.64</u>