

CONCH CEMENT 2022 FIRST HALF NET PROFIT AMOUNTED TO RMB9,971 MILLION, AGGREGATE NET SALES VOLUME OF CEMENT AND CLINKER REACHED 130 MILLION TONNES

25 August 2022 -- Anhui Conch Cement Company Limited (“Conch Cement” or the “Company”, together with its subsidiaries as the “Group”, stock code: 00914) announced that its revenue prepared according to International Financial Reporting Standards (“IFRSs”) for the six months ended 30 June 2022 (the “Reporting Period”) amounted to approximately RMB56,276 million. The net profit attributable to equity shareholders of the Company amounted to approximately RMB9,971 million; earnings per share were RMB1.88. The board of directors of Conch Cement does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

In the first half of 2022, facing the normalized COVID-19 pandemic prevention and control measures and the severe and complicated local and global economic environment, the Group strove to overcome unfavorable factors, including the increase in energy prices and the decline in 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 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, the Group increased its investment in research and development, extending the upstream and downstream industrial chains expansion as well as strengthened the operation management and control of performance indicator and strove to improve the operation quality.

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 130 million tonnes. Affected by the period-on-period decrease in sales volume of products, the sales amount of self-produced products in various regions of China decreased by varying degrees. In East China, Central China, South China and West China, due to the decrease in sales volume of products, sales amount dropped by 16.42 per cent, 8.11 per cent, 9.15 per cent and 10.75 per cent period-on-period respectively. During the Reporting Period, affected by the pandemic, the Group’s export sales volume and export sales amount dropped period-on-period. With continued improvement in the sales network of overseas projects, the sales volume and sales amount of overseas project companies increased by 23.00 per cent and 42.40 per cent period-on-period respectively.

During the Reporting Period, 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 upstream and downstream industrial chains expansion. The Group successfully acquired various cement projects, including Chongqing Duoji Renewable Resources Co., Ltd., Naimanqi Hongji Cement Co., Ltd. and Chifeng Hahe Cement Co., Ltd. and completed the acquisition of the equity interests of various commodity concrete projects, including Changsha Yongyun Building Materials Co., Ltd. and Changde Dingxing Concrete Products Co., Ltd.. In terms of overseas operation, Qarshi cement project in Uzbekistan was successfully launched and put into production, while projects under construction and planned for construction were also making orderly progress. By stepping up its efforts in market expansion, the Group continued to improve the overall operational quality of projects in operation.

During the Reporting Period, the Group increased the production capacity of clinker, cement, aggregates, and commodity concrete by 2.40 million tonnes, 3.25 million tonnes, 8.70 million tonnes and 3 million cubic meters, respectively, and the installed capacity of photovoltaic power generation by 37 MW. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 272 million tonnes, 387 million tonnes, 74.50 million tonnes and 17.70 million cubic meters respectively, and the installed capacity of photovoltaic power generation amounted to 237 MW.

Conch Cement management stated: "In the second half of 2022, the PRC government will adhere to the main theme of making progress while maintaining stability, focus on stabilizing the macro-economy and keep the economy running in a reasonable pace. In terms of infrastructure, the government will actively expand its investments in an effective manner, consolidate infrastructure construction in an all-round way, and accelerate the construction of major projects under the "14th Five-Year Plan". Infrastructure investment will, to certain extent, support the demand for cement. As for real estate, the government will adopt different policies for different cities to promote a virtuous circle and healthy development of the real estate industry. However, the downward trend in property investment will be hard to be reversed in the short term, which will have an adverse impact on the cement demand. At the same time, the PRC will continue to step up efforts in the composite treatment of the ecological environment, promote the peak carbon dioxide emissions and carbon neutrality in an orderly manner. The cement industry will continue with normalized implementation of off-peak season production, which will have positive effects on supply contraction and elimination of excess capacity."

In terms of investment development, in the second half of the year, the Company will focus on the “14th Five-Year Plan” and the annual investment plan. Firstly, the Company will step up efforts to strengthen, optimize and expand its core cement business, accelerate investment and construction of upstream and downstream industrial chain projects such as aggregate and commercial concrete, promote the new energy projects in a steadily and orderly manner, and create new industrial growth poles. Secondly, the Company will seize opportunities to promote the development of domestic projects, speed up the construction progress of existing projects, increase efforts in study, research and demonstration, and proactively seek opportunities for mergers, acquisitions and development to further improve the market layout. Thirdly, the Company will steadily advance its international development strategy, establish robust medium and long-term plans for overseas development, improve the operation and management mechanism of overseas projects, and proactively build a diversified cooperation model. Fourthly, the Company will promote energy conservation and carbon reduction as well as investment in digital and intelligent development of new industries in an orderly manner, accelerate the promotion and application of intelligent and information technology, and consolidate and enhance the Company’s core competitiveness.

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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 unaudited consolidated statement of profit or loss for the six months ended 30 June 2022)

Anhui Conch Cement Company Limited
Unaudited Consolidated Statement of Profit or Loss
For the six months ended 30 June 2022
(Prepared in accordance with IFRS)

	<i>Six months ended 30 June</i>	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue	56,275,749	80,464,039
Cost of sales and services rendered	<u>(40,689,532)</u>	<u>(59,032,725)</u>
Gross profit	15,586,217	21,431,314
Other income	2,301,133	2,467,314
Selling and marketing costs	(1,525,062)	(1,571,265)
Administrative expenses	(2,598,417)	(2,325,749)
Research and development costs	<u>(815,475)</u>	<u>(275,835)</u>
Profit from operations	12,948,396	19,725,779
Finance costs	(241,870)	(197,904)
Share of profits of associates	220,402	234,942
Share of profits of joint ventures	<u>187,611</u>	<u>139,639</u>
Profit before taxation	13,114,539	19,902,456
Income tax	<u>(2,814,075)</u>	<u>(4,500,669)</u>
Profit for the period	<u>10,300,464</u>	<u>15,401,787</u>
Attributable to:		
Equity shareholders of the Company	9,970,554	14,983,974
Non-controlling interests	<u>329,910</u>	<u>417,813</u>
Profit for the period	<u>10,300,464</u>	<u>15,401,787</u>
Earnings per share		
Basic	<u>RMB 1.88</u>	<u>RMB 2.83</u>
Diluted	<u>RMB 1.88</u>	<u>RMB 2.83</u>