

CONCH CEMENT 2023 FIRST HALF NET PROFIT AMOUNTED TO RMB6,756 MILLION, AGGREGATE NET SALES VOLUME OF CEMENT AND CLINKER REACHED 134 MILLION TONNES

22 August 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 six months ended 30 June 2023 (the “Reporting Period”) prepared according to International Financial Reporting Standards (“IFRSs”) amounted to approximately RMB65,436 million, representing an increase of approximately 16.28% over the corresponding period of the previous year. The net profit attributable to equity shareholders of the Company amounted to approximately RMB6,756 million; earnings per share were RMB1.27. The board of directors of Conch Cement does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

In the first half of 2023, Conch Cement actively responded to the complicated and difficult industry situation, strived to overcome the impact of unfavourable factors such as declining real estate investment, sluggish market demand and intensified industry competition. The Group strengthened the production and sales organisation and coordination of resources, and implemented precise strategies according to the timing and prevailing situation, to stabilise the market share of its principal business. At the same time, based on the principle of “direct supply-oriented, multiple and complementary, and stability and efficiency”, the Group optimized the procurement channel for raw materials and fuel, gave full play to the advantages of large-scale procurement to help to reduce costs and increase efficiency. It also coordinated green development and drove innovation, and promoted energy-saving and consumption-reducing technological improvements in an orderly manner, accelerated the transformation and application of smart construction achievements and continued to promote high-quality development.

During the Reporting Period, the aggregate net sales volume of cement and clinker of Conch Cement amounted to 134 million tonnes, representing a period-on-period increase of 3.00%. During the Reporting Period, affected by the period-on-period decrease in the selling prices of the products, the sales amount of self-produced products in various regions of China decreased by varying degrees. In East China and South China regions, due to the decrease in the selling price of products, sales amount decreased period-on-period by 7.22% and 9.47%, respectively. In Central China and West China regions, due to the decreases in sales volume and selling price of products, sales amount decreased period-on-period by 8.44% and 13.52%, respectively. During the Reporting Period, the Group’s export sales volume increased by 90.82% period-on-period and export sales amount increased by 102.11% period-on-period. The quality of operation of overseas

projects was steadily improved, with sales volume and sales amount of overseas project companies increased period-on-period by 4.93% and 14.29% respectively.

During the Reporting Period, the Group actively promoted the construction and development of projects, and continued to strengthen and optimize its core cement business and actively extended the industrial chain. As for core cement business, the low-carbon volume reduction replacement project of Shuicheng Conch Panjiang Cement Co., Ltd. was completed and put into operation; the construction of cement and clinker production line projects of Tashkent Conch Cement Joint Venture Co., Ltd. and Shangfeng Bridge of Friendship Co., Ltd. in Uzbekistan and Conch KT Cement (Phnom Penh) Company Limited in Cambodia progressed in an orderly manner, and the relocation project of grinding station of Jiangsu Baling Conch Cement Co., Ltd. and the grinding station project of Mengcheng Conch Building Material Co., Ltd. commenced smoothly. As for the extension of industry chain, 8 aggregate projects including Ma'anshan Green Building Material Co., Ltd. and Wuhu Conch Green Construction Technology Co., Ltd. were put in operation smoothly, and 8 commodity concrete projects were added through new construction, merger and acquisitions and leasing.

During the Reporting Period, the Group increased the production capacity of aggregate by 21.60 million tonnes and that of commodity concrete by 7.8 million cubic meters, and the capacity of photovoltaic storage power generator by 38 MW. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 269 million tonnes, 388 million tonnes, 130 million tonnes and 33.30 million cubic meters respectively, and the capacity of photovoltaic storage power generator amounted to 513 MW.

Conch Cement management stated: "In the second half of 2023, the central government will adhere to the main theme of "making progress while maintaining stability". It will implement the new development concept completely, accurately and comprehensively by accelerating the formation of a new development pattern, increasing the intensity of macroeconomic policy regulation and control to promote the effective improvement of quality and reasonable growth in quantity. In terms of infrastructure, the government will further drive investment. Infrastructure investment is expected to continue the growth trend and provide support for the demand of cement. In terms of real estate, the state emphasized that real estate policies will be adjusted and optimized at a suitable timing, in order to promote gradual stabilization of the real estate market. As such, demand for cement from the real estate market may improve in the second half of the year. Meanwhile, staggered production in the cement industry will continue to be normalized, but

its improvement of the relationship between supply and demand will be limited.”

In terms of investment development, the Group will stick to the “14th Five-Year” development plan and annual investment plan. First, the Group will plough into its core cement business, cautiously push forward new projects in line with the principles of enhancing market control, building long-term competitiveness of enterprises and improving domestic market layout, and conduct and choose mergers and acquisitions of quality projects. Second, the Group will vigorously develop the aggregate business, and focus on promoting the commencement of projects in stock, steadily push forward new independent aggregate projects and create a new profit growth point. The Group will adhere to using a combination of new construction, mergers and acquisitions and leasing, to accelerate the market layout in commodity concrete business and increase control of end-user market. Third, the Group will accelerate the development of new energy industry for the integration of wind, solar and water storage, actively extending the upstream industry. It will further expand and strengthen the environmental protection business to create new momentum for development. Fourth, it will steadily implement internationalization strategy, explore ways of diversified development, strengthen risk identification and control, improve the markets layout of existing investment and steadily push forward the development in undeveloped international markets.

In terms of business management, the Group will pay close attention to the international and domestic macroeconomic situation, deepen lean management and improve operation quality and efficiency. First, it will strengthen the studies and analysis of market supply and demand conditions and implement differentiated marketing strategies. It will stabilize price, increase sales volume and improve efficiency on the basis of stabilizing market share. Second, it will focus on the economic and secure supply of raw materials and fuel, coordinate international and domestic markets to reduce overall procurement cost. Third, it will strictly control various costs expenses and expenditures and comprehensively reduce the operating costs of the Company. Fourth, it will build and reinforce the concept of green development, plan in advance the transformation of ultra-low emission of production lines, enhance cultivation of professionals in the field of “dual carbon”, strengthen research capability in carbon market policy and research and application of carbon reduction technology, and explore an economic and efficient approach for carbon emission control. Fifth, it will accelerate the promotion and application of the results of intelligent factory construction and continuously improve the level of intelligent manufacturing. Finally, it will optimise talent structure, and generate continuous power for the high-quality and sustainable development of the Company.

- End -

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”.

Media Enquiries:

Zoe Mak

Tel: 2801 6090

Email: zoe@corporatelink.com.hk

(Attached is Anhui Conch Cement Company Limited’s unaudited consolidated statement of profit or loss for the six months ended 30 June 2023)

Anhui Conch Cement Company Limited
Unaudited Consolidated Statement of Profit or Loss
For the six months ended 30 June 2023
(Prepared in accordance with IFRS)

	<i>Six months ended 30 June</i>	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	65,436,307	56,275,749
Cost of sales and services rendered	<u>(53,228,724)</u>	<u>(40,689,532)</u>
Gross profit	12,207,583	15,586,217
Other income	1,917,957	2,301,133
Selling and marketing costs	(1,627,155)	(1,525,062)
Administrative expenses	(2,858,987)	(2,598,417)
Research and development costs	<u>(707,058)</u>	<u>(815,475)</u>
Profit from operations	8,932,340	12,948,396
Finance costs	(415,610)	(241,870)
Share of profits of associates	198,426	220,402
Share of profits of joint ventures	<u>107,885</u>	<u>187,611</u>
Profit before taxation	8,823,041	13,114,539
Income tax	<u>(1,696,272)</u>	<u>(2,814,075)</u>
Profit for the period	<u>7,126,769</u>	<u>10,300,464</u>
Attributable to:		
Equity shareholders of the Company	6,755,607	9,970,554
Non-controlling interests	<u>371,162</u>	<u>329,910</u>
Profit for the period	<u>7,126,769</u>	<u>10,300,464</u>
Earnings per share		
Basic	<u>RMB1.27</u>	<u>RMB1.88</u>
Diluted	<u>RMB1.27</u>	<u>RMB1.88</u>