



Asia Cement (China) Holdings Corporation Record of Annual General Meeting in 2022

Preface:

The 2022 annual general meeting (the “AGM”) of Asia Cement (China) Holdings Corporation was held in Taipei on 10 June 2022. On that 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 consideration by shareholders at 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 set out in the notice of AGM published on 26 April 2022 were duly passed.

The 2022 AGM of Asia Cement (China) Holdings Corporation was held at the conference room on 39/F., Taipei Metro Tower, No. 207 Tun Hwa South Road, Section 2, Taipei, Taiwan on 10 June 2022 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, Ms. Wu Ling-ling, Executive Director, Mr. Lee Kao-chao, INED, Dr. Wang Kuo-ming, INED, and Mr. Lee Kun-yen, General Manager of Asia Cement Company, attended the meeting in Taipei in person. Mr. Chang Chen-kuen, Executive Director, Mr. Wu Chung-lih, Executive Director, Mr. Tsim Tak-lung Dominic, INED, and Mr. Wang Wei, INED, attended the meeting via video conference from Jiangxi, London and Beijing respectively. The meeting was chaired by Chairman Mr. Hsu Shu-tong. Chief Executive Officer Mr. Chang Chen-kuen gave a presentation on the Company’s operating results in 2021 and outlook for 2022 to the shareholders and guests attending the meeting.

Report by Chief Executive Officer:

- In 2021, the Group produced 24.48 million tonnes of clinker, which was 2% higher than that in 2020; sales of cement was 27.34 million tonnes, an increase of 2% from 2020. Due to the surge in coal prices, the cost of cement production rose from RMB197 to RMB259 per tonne, an increase of 31%. Due to the 10% increase in the price of cement per tonne, the profit in 2021 was lower than that of 2020.
- In terms of revenue, despite the impact of the epidemic, the Group’s revenue in 2021 remained above RMB10 billion, 9% higher than that of 2020. The gross operating profit decreased by 19%, gross profit margin decreased to 31.3%, net operating profit exceeded RMB2.9 billion, with net operating profit margin reaching 24.8%. The net profit after tax was RMB1.82 billion, while net profit margin (after tax) amounted to 15.5%, which was lower than that of 2020. Earnings per share decreased by 34% from RMB1.703 in 2020 to RMB1.129.

- The industry overview for the first quarter of 2022 is as follows:
 - ✓ The overall cement demand was sluggish in the first quarter; cement output was 387 million tonnes, a year-on-year decrease of 12.1%. Cement inventory stayed at high levels, and the national cement storage capacity ratio continued to fluctuate between 60% and 70%. Imported clinker amounted to 5.25 million tonnes, a year-on-year decrease of 8.2%. Imported clinker volume had dropped for two consecutive years.
 - ✓ The average price of national P.O42.5 bulk cement was RMB516 per tonne (tax inclusive) in the first quarter, a year-on-year increase of 17%. Cement prices fluctuated at high levels. The ex-works price of the mainstream coal market ranged from RMB1,400 to RMB1,600 per tonne, a year-on-year increase of over 80%. As a result, both revenue and profit of the cement industry declined, and losses were recorded in certain areas.
 - ✓ The sales volume of cement and clinker of Asia Cement (China) in the southeast, central China and southwest regions in the first quarter declined by varying degrees year-on-year. In order to cope with this situation, a profit-oriented approach was adopted in the southeast region: clinker sales were moderately increased and inventory was adjusted to increase profits; the proportion of shipments had increased from 5% to 15% with the increase in key project orders in central China, while new markets were opened up along the river, namely Jingzhou and Jiangling in Hubei; in the southwest region, the Group began to explore surrounding cement markets such as Meishan, Zhongjiang and Mianyang in order to enhance local clinker sales.

- Key industry related events:
 - ✓ On 23 May, the executive meeting of the State Council laid down 33 measures to stabilize the economy in six areas. On 25 May, the State Council held a national teleconference on stabilizing the economy and issued the "Opinions on Further Revitalizing Existing Assets and Expanding Effective Investment" to stabilize economic growth and to support the national cement demand. Pursuant to the approval of "Jiangxi Province Inland Waterway and Port Layout Plan (2021-2050)" and the approval of Ruichang General Airport Project by the Provincial Development and Reform Commission in May, as well as the publication of the "14th Five-Year Plan" Transportation Major Engineering Project Implementation Work Plan, a number of projects are located in the areas where Asia Cement (China) operates. All this will create new cement demand for the Group.
 - ✓ Starting from mid-April, targeted special inspections on safety, quality, and ecological environment were carried out nationwide. The mines of Sichuan Yadong, Jiangxi Yadong, Huanggang Yadong under Asia Cement (China) had completed rectification and inspection on rectification, and had resumed operation in 2021. The main production mine in Huanggang Yadong (Wujishan Limestone Mine) had successfully obtained a mining license,

while the Wuxue municipal government approved resumption of production on 7 June. This round of inspections did not affect the Company's production and operation activities.

- ✓ Since April, over 10 major cement provinces had successively released off-peak season production plan to suspend kiln operation in the second quarter. Huanggang Yadong of Asia Cement (China) had suspended kiln operation for 30 days. Sichuan province would ease off-peak season production restriction on companies which have completed ultra-low emission modification. The number of days subject to off-peak season production for Sichuan Yadong and Sichuan Lanfeng of the Company was reduced by 20%.
- Under the low-carbon development environment of the industry, Asia Cement (China) has prepared itself ahead of time to seize development opportunities:
 - ✓ All the subsidiaries of Asia Cement (China) had completed the modification for ultra-low emission of cement kiln dust. At present, ultra-low emission modifications such as hot raw meal desulfurization and SCR denitrification are being carried out. In 2023, all subsidiaries shall achieve ultra-low emission except for kilns #1, #4, #5, and #6 in Jiangxi Yadong. In 2025, all the subsidiaries of Asia Cement (China) shall achieve ultra-low emission and Grade A environmental performance standard.
 - ✓ Jiangxi Yadong has obtained the qualification for hazardous waste disposal in May 2022, Wuhan Yaxin and Huanggang Yadong planned to embark on the project of using cement kilns to treat heavy metal contaminated soil, while Hubei Yadong's heavy metal contaminated soil project and sludge treatment system project will be completed between June and July 2022. Progress of waste treatment projects using cement kilns have been accelerated.
 - ✓ By 2025, Asia Cement (China)'s carbon emission per unit of clinker production, carbon emission per unit of cement production and the proportion of clinker in cement will decrease by 4%, 5% and 4.4% respectively. The proportion of alternative raw materials will increase by 6 percentage points, the proportion of alternative fuels will increase to 10%, and the designed capacity of photovoltaic power generation will reach 1,200KW/year.
- The cement market outlook for 2022:
 - ✓ The estimated annual GDP growth rate is 5.5%. With the strong support of active fiscal policy, moderately advanced infrastructure investment and relaxed real estate policies, as well as the improved epidemic situation, cement demand will be released rapidly in the second half of the year.
 - ✓ The state has accelerated energy conservation and emission reduction and comprehensive mine management. In addition to the optimization on the supply side, cement enterprises are under pressure with respect to production and operation.

- ✓ If the carbon emission intensity per product unit and the total carbon emission cannot be effectively reduced, it will lead to high costs when trading in the carbon market, which will soon commence, as well as uncertainty over the maintenance of normal production.
- ✓ Asia Cement (China) will continue to reduce emission, adjust product mix and business structure through technical means, achieve carbon neutrality from the perspective of the entire industry chain, enhance comprehensive competitiveness, seize the opportunity of rebound in demand in the post-pandemic period, to maintain stable profitability.

The resolutions approved at the Company's AGM in 2022:

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 2021.
2. To approve and declare a final dividend for the year ended 31 December 2021 of RMB0.45 per share.
3. To consider and approve, each as a separate resolution, the following resolutions:
 - (a) to re-elect Mr. Hsu Shu-ping as an executive Director;
 - (b) to re-elect Mr. Hsu Shu-tong as a non-executive Director;
 - (c) to re-elect Mr. Wang Kuo-ming as an independent non-executive Director;
 - (d) to elect Mr. Lee Kun-yen as an executive Director; and
 - (e) to authorize the Board to determine the remuneration of Directors.
4. To re-appoint Deloitte Touche Tohmatsu as the Auditors and to authorise the Board to fix their remuneration.
5. To grant 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 grant 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 allot, issue and deal with additional shares in the capital of the Company by the addition to the aggregate number of shares repurchased by the Company under the authority granted pursuant to Resolution no. 6.
8. To approve and adopt the 2022 Amended and Restated Operational Procedures for Acquisition and Disposal of Assets.
9. To approve and adopt the 2022 Amended and Restated Operational Procedures for Making Advances to Third Parties.
10. To approve and adopt the 2022 Amended and Restated Operational Procedures for the Provision of Guarantees by Way of Endorsement.