



## **Asia Cement (China) Holdings Corporation**

### **Record of Annual General Meeting in 2024**

#### **Preface:**

The 2024 annual general meeting (the “AGM”) in 2024 of Asia Cement (China) Holdings Corporation was held in Taipei on 7 June 2024. 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 29 April 2024 were duly passed.

The AGM in 2024 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 7 June 2024 at 3:00 pm. Mr. Hsu Shu-tong, Chairman, Mr. Hsu Shu-ping, Vice Chairman, Mr. Lin Seng-chang, Executive Director, Mr. Chen Ruey-long, Non-Executive Director, Mr. Lee Kun-yen, Non-Executive Director, Ms. Wu Ling-ling, Non-executive Director, Dr. Wang Kuo-ming, Independent Non-executive Director, attended the meeting in Taipei in person. Mr. Chang Chen-kuen, Executive Director and Chief Executive Officer, Mr. Tsim Tak-lung Dominic, Independent Non-executive Director, and Mr. Wang Wei, Independent Non-executive Director, attended the meeting via video conference from Jiangxi, Hong Kong and Beijing respectively. The meeting was chaired by Chairman Mr. Hsu Shu-tong. Chief Executive Officer Mr. Chang Chen-kuen gave an overview of the Company’s operations in 2023 and an analysis on the cement market forecast as well as outlook for 2024 to the shareholders and guests attending the AGM prior to shareholders’ consideration of all the resolutions.

#### **Report by Chief Executive Officer:**

- In 2023, the Group produced 21,045,000 tonnes of clinker, representing a 11% decrease from that of 2022. We sold 24,054,000 tonnes of cement, representing a 0.1% increase from that of 2022. Due to a decline in coal prices, the cost of cement production fell from RMB285 to RMB230, representing a decrease of 19%. However, the selling price per tonne of cement also dropped by 18%, leading to a significant decrease in profit for 2023 as compared to that of 2022.

- Revenue for the year decreased by 23% as compared to that of 2022. Gross profit fell by 17%, while the gross profit margin increased to 14.4%. Net profit exceeded RMB200 million, with a net profit margin of 3.8%. After-tax profit was RMB110 million, and the after-tax profit margin was 1.5%. Earnings per share dropped from RMB0.268 in 2022 to RMB0.068.
- Overall industry overview for the first quarter of 2024:
  - ✓ In the first quarter of 2024, affected by the continued decline in real estate investment and insufficient construction activity of infrastructure projects, downstream demand recovery was slow, leading to a continued decrease in cement production. The supply-demand imbalance aggravated further. Such coupled with an ongoing fierce market competition had caused cement prices to continue to fall. The industry as a whole was characterized by 'shrinking demand, intense competition, high inventory levels, and declining prices'.
  - ✓ In the first quarter of 2024, the cumulative cement production nationwide was 337 million tonnes, representing a decrease of 11.8% year-on-year.
- In the first quarter of 2024, the Group saw a year-on-year decline in both cement and clinker sales volume, with the Central China region experiencing a relatively significant decrease. Moving forward, we will fully leverage the integrated storage and transportation competitive edge along the Yangtze River to cope with the intense market competition. While actively pursuing large orders from key projects in the neighboring areas and maintaining core market share, we will carry out staggered peak production to keep prices at reasonable levels. Moreover, we will upgrade and increase production capacity of the existing aggregate production lines in the Southeast region to boost sales and profitability.
- Key industry related events:
  - ✓ The government has been coordinating efforts in studying policies that aimed to reduce existing housing inventory and optimize new housing supply, leading to rapid rollouts of new property market policies. These include: abolishing the floor level of the mortgage interest rates, reducing down payment ratios and housing provident fund loan interest rates, and launching a RMB300 billion re-lending facility for affordable housing.
  - ✓ The State Council issued the 2024–2025 Action Plan for Energy Conservation and Carbon Reduction, with policy's focus related to the cement industry, which included: strengthening regulation of the capacity and production volume in the building materials sector, tightening approval of new building materials projects, promoting energy-saving and carbon reduction upgrades in the building materials industry, and prohibiting the implementation of preferential electricity pricing policies for energy-intensive industries.
  - ✓ The Interim Regulations on Carbon Emission Trading Management became effective on May 1, with stricter data supervision and harsher penalties for non-compliance.
  - ✓ The Notice on Further Advancing Green Mine Construction and the Guiding Opinions on Intensifying the Advancement of Intelligent Mine Construction to Promote Mine Safety

Development were released, promoting green and intelligent development in the mining sector.

- ✓ The new national cement standards came into effect on June 1, with adjustments to cement composition, strength, and fineness. Production costs (especially for clinker) will rise, which is expected to accelerate industry consolidation.
- ✓ A number of provinces have released the Action Plan for Promoting Large-Scale Equipment Renewals and Trade-ins of Consumer Goods.
- ✓ Various areas across the country have successively issued the requirements of the relevant policies to address overcapacity in industries such as cement, steel, and non-ferrous metals, as well as ultra-low emission. One of these explicitly encouraged large cement enterprises to carry out mergers and restructuring in the provinces where they locate to consolidate industry resources.
- The Group's Development Strategy:
  - ✓ Green Transformation: Reduce energy consumption, lower emissions, and implement environmental upgrades concurrently.
  - ✓ Intelligent Manufacturing: Build smart factories.
  - ✓ Integrated Operations: Optimize production line layout and expand Asia Cement's market presence. Promote integrated development of cement, aggregates, new energy, and other sectors to create new profit centers.
- The Group will dedicate itself to digital transformation, leverage intelligent technology to advance into the future, low-carbon production, sustainable development, and industrial integration to expand in scale and enhance competitiveness.

**The resolutions approved at the Company's AGM in 2024:**

1. To review and approve the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 and the reports of the directors and the independent auditor's report.
2. To approve and declare a final dividend for the year ended 31 December 2023 of RMB0.041 per share.
3. To consider and approve, each as a separate resolution, the following resolutions:
  - (a) To re-elect Mr. Chang Chen-kuen as an executive Director;
  - (b) To re-elect Mr. Tsim Tak-Lung Dominic as an independent non-executive Director;
  - (c) To re-elect Dr. Wang Kuo-ming as an independent non-executive Director;
  - (d) To re-elect Ms. Wu Ling-ling as a non-executive Director;
  - (e) To authorise the board ("Board") of Directors of the Company to determine the Directors' remuneration.

4. To re-appoint Deloitte Touche Tohmatsu as the auditors and to authorise the Board to fix their remuneration.
5. To give 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 give 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 share 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.