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October 25, 2022

Notice Regarding Business Suspension of Chinese Consolidated Subsidiary

Taiheiyo Cement Corporation (hereinafter “Taiheiyo Cement”) hereby announces that its Chinese consolidated subsidiary, Dalian Onoda Cement Co., Ltd. (hereinafter “Dalian Onoda”), has decided to suspend the cement manufacturing and sales business in Dalian City, Liaoning Province.

1. Reason for the suspension

Dalian Onoda, a consolidated subsidiary of Taiheiyo Cement, was established in Dalian City, Liaoning Province, China in 1989 and has developed high trust and evaluation through manufacturing and selling cement. Furthermore, by using Taiheiyo Cement’s waste treatment technologies, Dalian Onoda has also contributed to recycling by receiving waste from surrounding areas and using it as raw material for cement manufacture.

Dalian Onoda has been operating 33 years in the area and the land use contract concluded at the time of establishment is approaching the final year. Therefore, the business will be suspended in December this year according to the contract period.

As for the future, Taiheiyo Cement will consider several matters toward the dissolving of Dalian Onoda, and the impact of this suspension on consolidated financial results for the fiscal year ending March 2023 is insignificant. Furthermore, in the future Taiheiyo Cement will promptly announce any matters that need to be disclosed.

2. Outline of Dalian Onoda to be suspended

(1) Name	Dalian Onoda Cement Co., Ltd.
(2) Location	No. 5, New Cement Road, Ganjingzi District, Dalian City, Liaoning Province, China
(3) Name and Title of Representative	Yoshifumi Taura, Chairman

(4) Description of Business	Manufacturing and selling cement		
(5) Capital	USD 82,780 thousand (on 31 st December 2021)		
(6) Date of establishment	28 th July 1989		
(7) Investor and ownership ratio	Taiheiyo Cement Corporation 84.83% Dalian Jinhai Yangfan Venture Capital Co., Ltd. 15.17%		
(8) Relationship between Taiheiyo Cement and Dalian Onoda	Capital relationship	Taiheiyo Cement owns 84.83% equity of Dalian Onoda and Dalian Onoda is a consolidated subsidiary.	
	Human relationship	Taiheiyo Cement's Managing Executive Officer concurrently serves as Chairman of Dalian Onoda. Four Taiheiyo Cement employees concurrently serve as directors of Dalian Onoda, and three employees are seconded to Dalian Onoda (two of whom are appointed as directors).	
	Business relationship	There is no business relationship to be declared.	
	Related party relationship	Dalian Onoda is a consolidated subsidiary of Taiheiyo Cement and is a related party.	
(9) Operating results and financial condition of Dalian Onoda in the last three years*			
Accounting period	Fiscal 2019	Fiscal 2020	Fiscal 2021
Net assets	USD 119,707 thousand	USD 124,100 thousand	USD 110,444 thousand
Total assets	USD 135,566 thousand	USD 138,054 thousand	USD 122,982 thousand
Net Sales	USD 72,989 thousand	USD 72,631 thousand	USD 80,076 thousand
Operating profit	USD 15,384 thousand	USD 17,043 thousand	USD 15,891 thousand
Ordinary profit	USD 18,121 thousand	USD 25,559 thousand	USD 19,745 thousand
Net profit	USD 15,138 thousand	USD 19,531 thousand	USD 14,916 thousand

* non-consolidated basis due to Dalian Onoda having no consolidation indicator.