SUNNSY

# CHINA SHANSHUI CEMENT GROUP LIMITED
# 中國山水水泥集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 691)**

## PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024


**SUMMARY**

- Operating revenue for 2024 amounted to approximately RMB14,509,866,000 (2023: RMB18,116,387,000), representing a decrease of 19.9% as compared to 2023;
- Profit from operations for 2024 amounted to approximately RMB182,404,000, as compared to a loss from operations of RMB646,555,000 for 2023;
- Loss attributable to equity shareholders of the Company for 2024 amounted to approximately RMB140,608,000, as compared to a loss attributable to equity shareholders of the Company of RMB883,959,000 for 2023;
- Basic loss per share for 2024 was RMB0.03 (2023: basic loss per share RMB0.20).


The Board of Directors (the "**Board**") of China Shanshui Cement Group Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the corresponding figures for the previous financial year.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2024*

| | *Notes* | **2024** **RMB'000** | 2023 *RMB'000* |
|---|---|---|---|
| **Revenue** | 4(a) | **14,509,866** | 18,116,387 |
| Cost of sales | | **(12,416,024)** | (16,203,780) |
| **Gross profit** | | **2,093,842** | 1,912,607 |
| Other income | 5 | **190,143** | 236,679 |
| Reversal of impairment/(impairment losses) on trade receivables, net | | **10,876** | (43,312) |
| Impairment losses on other receivables, net | | **(17,083)** | (1,173) |
| Selling and marketing expenses | | **(279,593)** | (317,920) |
| Administrative expenses | | **(1,168,523)** | (1,535,013) |
| Other net expenses, gains and losses | 6 | **39,610** | (259,750) |
| Expenses incurred during off-peak suspension | | **(686,868)** | (638,673) |
| **Profit/(loss) from operations** | | **182,404** | (646,555) |
| Finance costs | 7(a) | **(215,934)** | (218,273) |
| Share of results of associates | | **(30,511)** | (12,711) |
| **Loss before taxation** | 7 | **(64,041)** | (877,539) |
| Income tax expense | 8 | **(125,000)** | (172,567) |
| **Loss for the year** | | **(189,041)** | (1,050,106) |
| Attributable to: | | | |
| Equity shareholders of the Company | | **(140,608)** | (883,959) |
| Non-controlling interests | | **(48,433)** | (166,147) |
| **Loss for the year** | | **(189,041)** | (1,050,106) |
| **Loss per share** | 10 | | |
| Basic *(RMB)* | | **(0.03)** | (0.20) |
| Diluted *(RMB)* | | **(0.03)** | (0.20) |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Loss for the year** | **(189,041)** | (1,050,106) |
| **Other comprehensive (expense)/income** | | |
| Items that will not be reclassified to profit or loss: | | |
| Remeasurements of net defined benefit obligations | **(24,720)** | 3,010 |
| Exchange differences arising on translation from functional currency to presentation currency | **11,641** | 48,947 |
| **Other comprehensive (expense)/income for the year** | **(13,079)** | 51,957 |
| **Total comprehensive expense for the year** | **(202,120)** | (998,149) |
| Attributable to: | | |
| Equity shareholders of the Company | **(153,687)** | (832,002) |
| Non-controlling interests | **(48,433)** | (166,147) |
| **Total comprehensive expense for the year** | **(202,120)** | (998,149) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2024*

| | Notes | 31.12.2024 RMB'000 | 31.12.2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **16,373,192** | 16,733,823 |
| Right-of-use assets | | **2,228,055** | 2,254,779 |
| Intangible assets | | **1,992,921** | 1,617,845 |
| Goodwill | | **14,224** | 55,132 |
| Other financial assets | | **20,051** | 15,180 |
| Interests in associates | | **441,976** | 485,713 |
| Deferred tax assets | | **355,449** | 306,215 |
| Other long-term assets | | **746,214** | 874,685 |
| | | **22,172,082** | 22,343,372 |
| **CURRENT ASSETS** | | | |
| Inventories | | **1,906,613** | 2,143,591 |
| Trade and bills receivables | 11 | **1,557,819** | 1,743,148 |
| Prepayments and other receivables | | **1,129,968** | 1,249,572 |
| Tax recoverable | | **67,886** | 103,359 |
| Restricted bank deposits | | **692,672** | 423,854 |
| Fixed bank deposits | | **515,652** | 512,481 |
| Bank balances and cash | | **2,179,627** | 2,254,037 |
| | | **8,050,237** | 8,430,042 |
| **CURRENT LIABILITIES** | | | |
| Bank loans – amount due within one year | 13 | **3,797,750** | 4,332,147 |
| Trade payables | 12 | **2,966,434** | 3,855,229 |
| Other payables and accrued expenses | | **2,073,275** | 2,069,927 |
| Contract liabilities | | **307,181** | 422,288 |
| Taxation payable | | **100,540** | 51,266 |
| Lease liabilities | | **8,082** | 4,723 |
| | | **9,253,262** | 10,735,580 |
| **NET CURRENT LIABILITIES** | | **(1,203,025)** | (2,305,538) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **20,969,057** | 20,037,834 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 31 December 2024*

| | *Notes* | **31.12.2024** ***RMB'000*** | 31.12.2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Bank loans – amount due after one year | 13 | **1,567,710** | 800,310 |
| Long-term payables | | **572,618** | 303,799 |
| Defined benefit obligations | | **131,310** | 93,200 |
| Deferred income | | **352,602** | 316,007 |
| Lease liabilities | | **63,278** | 52,911 |
| Deferred tax liabilities | | **89,333** | 68,243 |
| | | **2,776,851** | 1,634,470 |
| **NET ASSETS** | | **18,192,206** | 18,403,364 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **295,671** | 295,671 |
| Share premium | | **8,235,037** | 8,235,037 |
| Share capital and share premium | | **8,530,708** | 8,530,708 |
| Other reserves | | **9,644,939** | 9,798,626 |
| **TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY** | | **18,175,647** | 18,329,334 |
| **Non-controlling interests** | | **16,559** | 74,030 |
| **TOTAL EQUITY** | | **18,192,206** | 18,403,364 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company's functional currency is the United States dollar ("**USD**" or "**US$**"). However, the presentation currency of the consolidated financial statement is the RMB in order to present the financial performance and financial position of the Group based on the economic environment in which the operating subsidiaries of the Group operate.

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

**Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 16 | Lease liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 2.1 Impacts on application of Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 "Statement of Cash Flows" stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 "Financial Instruments: Disclosures" was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7.44H(b)(ii) and (b)(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

**New and amendments to IFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[3] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity[3] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards — Volume11[3] |
| Amendments to IAS 21 | Lack of Exchangeability[2] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[4] |

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or 1 January 2026.
4 Effective for annual periods beginning on or 1 January 2027.

Except as described below, the directors of the Company (the "**Directors**") anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**IFRS 18 "Presentation and Disclosure in Financial Statements"**

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of accessing the detailed impart of IFRS 18 on the Group's consolidated financial statements.

## 3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs, the collective terms of which include all applicable individual IFRSs and Interpretations issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

### 3.1 Going concern basis

The Group reported a net loss of RMB189,041,000 for the year ended 31 December 2024 and as at that date, the Group had net current liabilities of RMB1,203,025,000. As at the same date, the Group had total interest-bearing bank loans amounting to RMB5,365,460,000, out of which RMB3,797,750,000 are due within twelve months from the end of the Reporting Period. In addition, there is a winding-up petition against the Company, details of which are disclosed in note 14(b), which is pending resolution.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2024 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to mitigate the liquidity pressure, to improve its financial position, and to sustain the Group as a going concern, certain plans and measures have been and will be taken by the Group which include, but are not limited to, the following:

i. For borrowings of the Group, the management will actively negotiate with the banks before they fall due to secure their renewals. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts and circumstances available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity. Historically, the Group successfully renewed bank borrowings upon maturities amounting to approximately RMB2,965,750,000 during the year.

ii. The Group is implementing cost control measures in costs of sales and administrative expenses and other comprehensive policies so as to increase net operating cash inflows in coming years; and

iii. The Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims. In respect of some of the litigations, the Directors are of the opinion that the Group has valid grounds to defend against the claims.

The Directors have carried out a detailed review of the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the Reporting Period. On the basis of the successful implementation of the plans and measures described above in the foreseeable future, borrowings of the Group will be able to be renewed and after assessing the Group's current and forecasted cash positions, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

## 4. REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are manufacturing and sale of cement, clinker and concrete.

Revenue represents the sales value of cement, clinker and concrete supplied to customers, cement related products and the delivery services.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Sales of cement | **11,773,070** | 14,208,432 |
| Sales of clinker | **1,501,593** | 2,238,501 |
| Sales of concrete | **678,275** | 1,118,872 |
| Sales of other products and services | **556,928** | 550,582 |
| | **14,509,866** | 18,116,387 |

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b)(i).

#### *(i) Performance obligations for contracts with customers*

***Sales of cement, clinker, concrete and other products (revenue recognised at one point in time)***

The Group sells cement, clinker, concrete and other products directly to customers.

Revenue is recognised when control of the goods has transferred, i.e. when the goods have been transferred out from the Group's warehouse (delivery). After leaving the warehouse, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days for cement and clinker customers and 90 to 180 days for concrete customers upon delivery.

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

***Revenue from rendering of delivery services (revenue recognised over time)***

The Group also provides delivery services to customers.

Revenue from the rendering of delivery service is recognised over time by reference to the progress of which the customer simultaneously receives and consumes the benefits when the delivery service is provided by the Group.

***(ii) Transaction price allocated to the remaining performance obligation for contract with customers***

All performance obligations for sale of cement, clinker, concrete and other products are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**(b) Segment reporting**

As the Group operates in a single business, which is the manufacturing and sale of cement, clinker, concrete and cement-related products in the People's Republic of China (the "**PRC**"), the Group's risks and rates of return are affected predominantly by differences in the areas it operates.

The Group manages its businesses by geographical areas. Based on the manner in which information is reported internally to the Executive Directors of the Company, being the Group's chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment, the Group has identified and presented the following four reportable segments based on the region in which the Group's business operates.

- Shandong Province – subsidiaries operating and located in the Shandong Province of the PRC, engage in the manufacture and sale of cement, clinker and concrete and other products.

- Northeastern China – subsidiaries operating and located in the Liaoning Province and Inner Mongolia Autonomous Region of the PRC, engage in the manufacture and sale of cement and clinker and other products.

- Shanxi Province – subsidiaries operating and located in the Shanxi Province and Shaanxi Province of the PRC, engage in the manufacture and sale of cement, clinker and concrete and other products.

- Xinjiang Region – subsidiaries operating and located in the Kashi area of Xinjiang Uygur Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker and other products.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

***(i) Segment results, assets and liabilities***

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each operating segment on the following bases:

– Segment assets include all tangible and intangible non-current assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.

– Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

– Segment results represent profits earned by each segment without allocation of share of results of associates, gain on fair value changes of financial assets at FVTPL, gain on disposal of a subsidiary, loss on disposal of associates, unallocated other income, head office administrative expenses, and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

– In addition to receiving segment information concerning adjusted profit before taxation, the CODM is provided with segment information concerning revenue, interest income from bank balances, interest expenses on borrowings managed directly by the segments, depreciation and amortisation, impairment losses on and additions to non-current segment assets used by the segments in their operations, net impairment losses on trade and bills receivables and other receivables, and government grants. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shandong Province *RMB'000* | Northeastern China *RMB'000* | Shanxi Province *RMB'000* | Xinjiang Region *RMB'000* | Total *RMB'000* | Shandong Province *RMB'000* | Northeastern China *RMB'000* | Shanxi Province *RMB'000* | Xinjiang Region *RMB'000* | Total *RMB'000* |
| **Disaggregated by timing of revenue** | | | | | | | | | | |
| Point in time | 8,352,426 | 3,848,616 | 1,871,131 | 425,929 | 14,498,102 | 10,688,636 | 4,582,181 | 2,309,647 | 525,446 | 18,105,910 |
| Over time | 6,455 | 1,863 | 3,253 | 193 | 11,764 | 6,287 | 761 | 3,159 | 270 | 10,477 |
| Revenue from external customers | 8,358,881 | 3,850,479 | 1,874,384 | 426,122 | 14,509,866 | 10,694,923 | 4,582,942 | 2,312,806 | 525,716 | 18,116,387 |
| Inter-segment revenue *(note)* | 657,002 | 23,432 | 6,768 | - | 687,202 | 790,011 | 58,158 | 9,511 | – | 857,680 |
| **Reportable segment revenue** | 9,015,883 | 3,873,911 | 1,881,152 | 426,122 | 15,197,068 | 11,484,934 | 4,641,100 | 2,322,317 | 525,716 | 18,974,067 |
| **Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)** | (67,370) | 337,673 | (121,842) | 90,933 | 239,394 | 78,493 | (616,463) | 17,935 | 93,162 | (426,873) |
| **Included in arriving at segment results are:** | | | | | | | | | | |
| Interest income | 12,074 | 109 | 1,050 | 12 | 13,245 | 9,937 | 576 | 328 | 11 | 10,852 |
| Finance costs | 109,576 | 4,469 | 5,053 | 54 | 119,152 | 99,313 | 4,280 | 1,204 | 55 | 104,852 |
| Depreciation and amortisation for the year | 678,453 | 352,118 | 334,347 | 48,485 | 1,413,403 | 660,397 | 382,320 | 339,162 | 54,044 | 1,435,923 |
| Impairment losses/(reversal of impairment) on property, plant and equipment | 62,823 | (57,398) | 111 | - | 5,536 | 81,072 | 141,551 | 3,762 | – | 226,385 |
| Impairment losses on intangible assets | - | - | - | - | - | – | 40 | – | – | 40 |
| Impairment losses on goodwill | 40,908 | - | - | - | 40,908 | 35,000 | – | – | – | 35,000 |
| (Reversal of impairment)/impairment losses on trade receivables, net | (11,663) | (125) | 844 | 68 | (10,876) | 30,054 | (295) | (150) | 18 | 29,627 |
| Impairment losses/(reversal of impairment) on other receivables, net | 13,637 | (1,105) | 3,471 | - | 16,003 | (400) | (817) | 2,011 | 1,470 | 2,264 |
| Gain from disposal of intangible assets | 99,188 | - | - | - | 99,188 | – | – | – | – | - |
| Government grants | 43,905 | 34,117 | 31,450 | 2,002 | 111,474 | 69,371 | 44,240 | 44,374 | 3,112 | 161,097 |
| Additions to property, plant and equipment, right-of-use assets and intangible assets during the year | 600,969 | 420,305 | 387,036 | 31,740 | 1,440,050 | 664,971 | 555,725 | 206,860 | 8,219 | 1,435,775 |
| **Reportable segment assets** | 14,490,906 | 7,219,224 | 4,970,604 | 749,298 | 27,430,032 | 15,521,000 | 7,254,520 | 4,934,976 | 777,629 | 28,488,125 |
| **Reportable segment liabilities** | 6,501,949 | 1,067,904 | 727,019 | 34,157 | 8,331,029 | 7,033,520 | 1,421,061 | 589,699 | 73,743 | 9,118,023 |

*Note:* The inter-segment sales were carried out with reference to market process.

### *(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenue | **15,197,068** | 18,974,067 |
| Elimination of inter-segment revenue | **(687,202)** | (857,680) |
| Consolidated revenue | **14,509,866** | 18,116,387 |
| **Profit** | | |
| Reportable segment profit/(loss) | **239,394** | (426,873) |
| Elimination of inter-segment profit | **(57,972)** | (55,713) |
| Reportable segment profit/(loss) derived from Group's external customers | **181,422** | (482,586) |
| Share of result of associates | **(30,511)** | (12,711) |
| Gain/(loss) on fair value change of financial assets at FVTPL | **3,530** | (171) |
| Gain on disposal of a subsidiary | **15,882** | – |
| Loss on disposal of associates | **(2,781)** | – |
| Unallocated other income | **18,555** | 29,118 |
| Unallocated finance costs | **(96,782)** | (113,421) |
| Unallocated head office and administrative expenses *(note)* | **(153,356)** | (297,768) |
| Consolidated loss before taxation | **(64,041)** | (877,539) |

*Note:* Unallocated head office administrative expenses included depreciation and amortisation for the year, net reversal of impairment losses on trade receivables, net impairment losses on other receivables and other administrative expenses attributable to head quarter of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

| | 2024<br>*RMB'000* | 2023<br>*RMB'000*<br>(restated) |
|---|---|---|
| **Assets** | | |
| Reportable segment assets | **27,430,032** | 28,488,125 |
| Elimination of inter-segment profit | **(26,130)** | (29,056) |
| Elimination of inter-segment receivables | **(374,351)** | (744,939) |
| | **27,029,551** | 27,714,130 |
| Deferred tax assets | **355,449** | 306,215 |
| Interests in associates | **441,976** | 485,713 |
| Unallocated head office assets | **2,395,343** | 2,267,356 |
| Consolidated total assets | **30,222,319** | 30,773,414 |
| **Liabilities** | | |
| Reportable segment liabilities | **8,331,029** | 9,118,023 |
| Elimination of inter-segment payables | **(374,351)** | (744,939) |
| | **7,956,678** | 8,373,084 |
| Deferred tax liabilities | **89,333** | 68,243 |
| Unallocated bank loans | **3,254,750** | 3,083,750 |
| Unallocated head office liabilities | **729,352** | 844,973 |
| Consolidated total liabilities | **12,030,113** | 12,370,050 |

***(iii) Geographical information***

The Group's revenue and non-current assets are arisen in and located in the PRC during both years.

***(iv) Information about major customers***

No single external customer contributed revenue from transactions amounting to 10% or more of the revenue of the Group during both years.

## 5. OTHER INCOME

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Interest income | | **31,425** | 28,815 |
| Dividend income from financial assets at FVTPL | | **–** | 835 |
| Government grants | (i) | **111,844** | 161,392 |
| Amortisation of deferred income | | **18,845** | 13,353 |
| Others | | **28,029** | 32,284 |
| | | **190,143** | 236,679 |

*Note:*

(i) Government grants mainly represented tax refunds, operating subsidies and energy reduction incentives from local governments received by the Group during the Reporting Period. No special conditions need to be fulfilled for receiving such government grants.

## 6. OTHER NET EXPENSES, GAINS AND LOSSES

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Net foreign exchange loss | | **(16,810)** | (21,235) |
| Net gain from disposal of property, plant and equipment | | **3,527** | 21,787 |
| Net gain from disposal of intangible assets | (i) | **99,188** | – |
| Impairment losses on property, plant and equipment, net of reversal | | **(5,536)** | (226,385) |
| Impairment losses on intangible assets | | **–** | (40) |
| Impairment losses on goodwill | | **(40,908)** | (35,000) |
| Gain/(loss) on fair value changes of financial assets at FVTPL | | **3,530** | (171) |
| Gain on disposal of a subsidiary | | **15,882** | – |
| Loss on disposal of associates | | **(2,781)** | – |
| Donations | | **(5,427)** | (5,660) |
| Others | | **(11,055)** | 6,954 |
| | | **39,610** | (259,750) |

*Note:*

(i) During the year, the Group disposed of certain intangible assets under the relocation compensation agreement for highway construction projects and received cash consideration amounting to RMB105,139,000, tax inclusive, which resulted in a gain on disposal of RMB99,188,000.

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

### (a) Finance costs

| | *Notes* | **2024** **RMB'000** | 2023 *RMB'000* |
|---|---|---|---|
| Interest on bank loans | | **160,393** | 160,924 |
| Interest on lease liabilities | | **2,921** | 2,780 |
| Less: capitalised interest expenses | (i) | **(18,874)** | – |
| Net interest expenses | | **144,440** | 163,704 |
| Bank charges | | **37,846** | 36,001 |
| Unwinding of discount | (ii) | **33,648** | 18,568 |
| | | **215,934** | 218,273 |

*Notes:*

(i) The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 4.12% for the year ended 31 December 2024 (2023: Nil).

(ii) This item represents the unwinding of discount for the following liabilities using the effective interest rate:

| | **2024** **RMB'000** | 2023 *RMB'000* |
|---|---|---|
| Defined benefit obligations | **2,730** | 2,650 |
| Long-term payables | **30,918** | 15,918 |
| | **33,648** | 18,568 |

### (b) Personnel expenses (including Directors' remunerations)

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages and other benefits | **1,405,617** | 1,741,900 |
| Bonus and awards | **87,646** | 153,346 |
| Staff's pension costs | **279,768** | 294,930 |
| Expense recognised in respect of defined benefit obligations | **21,860** | 3,110 |
| | **1,794,891** | 2,193,286 |

### (c) Other items

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Depreciation of property, plant and equipment | **1,127,893** | 1,151,255 |
| Depreciation of right-of-use assets | **87,738** | 87,919 |
| Amortisation of intangible assets | **208,978** | 211,176 |
| Total depreciation and amortisation | **1,424,609** | 1,450,350 |
| Auditors' remuneration | | |
| – audit and assurance services | **5,800** | 5,800 |
| – other services | **800** | 860 |
| | **6,600** | 6,660 |
| Cost of inventories sold | **12,397,879** | 16,195,885 |
| Impairment losses on inventories (included in cost of sales) | **18,145** | 7,895 |
| Repair and maintenance cost included in expenses incurred during off-peak suspension | **242,002** | 195,485 |

## 8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

**Taxation in the consolidated statement of profit or loss:**

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| The charge comprises: | | |
| PRC Enterprise Income Tax ("**EIT**"): | | |
| Current tax | **150,852** | 151,066 |
| Overprovision in respect of prior years | **(1,491)** | (6,450) |
| | **149,361** | 144,616 |
| Deferred tax | **(24,361)** | 27,951 |
| | **125,000** | 172,567 |

*Notes:*

(i) The Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% (2023: 25%) unless otherwise specified.

Certain subsidiaries which are recognised as High and New-tech Enterprise have been granted tax concessions by the local tax bureau and are entitled to PRC EIT at a concessionary rate of 15% for both years.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.

The Company and its subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for both years.

## 9. DIVIDEND

The Board does not recommend the payment of any final dividends for the years ended 31 December 2024 and 2023.

## 10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss figures are as follows: | | |
| Loss for the year attributable to equity shareholders of the Company and loss for the purposes of basic and diluted loss per share | **(140,608)** | (883,959) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | **4,353,966,228** | 4,353,966,228 |

The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise prices of these share options were higher than the average market price of the shares of the Company for the years ended 31 December 2024 and 2023.

## 11. TRADE AND BILLS RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bills receivables | **401,765** | 367,273 |
| Trade receivables | **1,392,913** | 1,638,303 |
| Less: allowance for credit losses | **(236,859)** | (262,428) |
| | **1,557,819** | 1,743,148 |

### (a) Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade and bills receivables, based on the invoice date and net of allowance for credit losses, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **529,985** | 552,942 |
| 3 to 6 months | **219,833** | 270,014 |
| 6 to 12 months | **165,381** | 259,743 |
| Over 12 months | **642,620** | 660,449 |
| | **1,557,819** | 1,743,148 |

All of the trade and bills receivables (net of allowance for credit losses) are expected to be recovered within one year from the end of the Reporting Period.

## 12. TRADE PAYABLES

As of the end of the Reporting Period, the ageing analysis of trade payables, based on the invoice date, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **1,342,437** | 2,198,451 |
| 3 to 6 months | **597,414** | 544,666 |
| 6 to 12 months | **292,355** | 428,012 |
| Over 12 months | **734,228** | 684,100 |
| | **2,966,434** | 3,855,229 |

Trade payable principally comprise amounts outstanding for trade purchase. The average credit period for trade purchases is 30 to 180 days.

## 13. BANK LOANS

| | | **2024** | 2023 |
|---|---|---|---|
| | *Notes* | ***RMB'000*** | *RMB'000* |
| Bank loans | | **4,559,460** | 4,052,457 |
| Bank loans under supplier finance arrangements | (i) | **806,000** | 1,080,000 |
| | | **5,365,460** | 5,132,457 |
| Bank loans – Secured | (ii) | **1,035,710** | 548,706 |
| Bank loans – Unsecured | | **4,329,750** | 4,583,751 |
| | | **5,365,460** | 5,132,457 |

*Notes:*

(i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 10-360 days after loans granted by the banks with interest rates ranging from 2.01%-4.00% per annum. These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

(ii) These bank loans were secured by certain land lease prepayments with an aggregate carrying amount of RMB131,195,000 (2023: RMB133,993,000), plants and buildings with an aggregate carrying amount of RMB389,399,000 (2023: RMB400,852,000) and bank deposits of RMB553,000,000 (2023: RMB366,397,000).

As at 31 December 2024 and 2023, there is no default in bank loans repayment.

Bank loans due for repayment based on the scheduled repayment terms set out in the loan agreements and borrowing agreements are as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | **3,797,750** | 4,332,147 |
| After one year but within two years | **1,032,440** | 180,000 |
| After two years but within five years | **535,270** | 620,310 |
| | **5,365,460** | 5,132,457 |

All bank loans are interest-bearing.

## 14. CONTINGENT LIABILITIES AND OTHER EVENTS

### (a) Litigation contingencies

As at 31 December 2024, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contracts of cement and other products with an aggregate amount of RMB40,412,000 (2023: RMB54,781,000), which claims have not yet been concluded. No provision for these litigation claims was made in these consolidated financial statements during the year ended 31 December 2024 as in the opinion of the Directors, the possibility of an outflow of economic resources cannot be reliably determined.

### (b) Litigation in the Cayman Islands

The Company is facing a winding-up petition (the "**Cayman Petition**") before the Grand Court. The Cayman Petition was filed by one of the shareholders of the Company, Tianrui (International) Holding Company Limited ("**Tianrui**"). The Company has appointed legal counsel in relation to the Cayman Petition.

(i) The Company was served on 4 June 2019 with a Writ of Summons issued on 27 May 2019 in the Grand Court (the "**Writ**"). The Writ has been issued also by Tianrui, seeking (i) orders setting aside the Company's issue of certain convertible bonds, issued on or about 8 August 2018 and 3 September 2018, the subsequent conversion of the bonds on 30 October 2018 and/or the allotment of the Company's shares to the holders of such convertible bonds; and/or (ii) declarations setting aside the issue and subsequent conversion of the bonds. The orders sought by way of the Writ have since been amended (see below). The Company considers that there is no reasonable basis for the orders and/or declarations sought and will vigorously defend itself against the Writ and Tianrui's claim.

    On 1 July 2022, the Cayman Islands Court of Appeal delivered its judgment ordering that the Writ be struck out as defective. The Certificate of the Order of the Court of Appeal was issued on 14 September 2022. However, the Court of Appeal did leave it open to Tianrui to reconstitute the Writ as a derivative claim.

    On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. Tianrui's appeal is still pending and has not yet been heard.

(ii) On 17 December 2020, the Grand Court heard a court summons for directions ("**Summons**") taken out by Tianrui on 26 August 2020 in connection with the Cayman Petition. At the hearing of the Summons, Tianrui sought leave to re-amend the Cayman Petition, notably in order to join China National Building Materials Company Limited ("**CNBM**") and Asia Cement Corporation ("**ACC**") as respondents to the Cayman Petition. CNBM and ACC are currently shareholders of the Company.

    In its judgment dated 27 January 2021, the Grand Court ordered that CNBM and ACC be joined as respondents to the Cayman Petition, and that the Cayman Petition be served on CNBM and ACC.

    On 19 March 2021, the Cayman Petition was served on CNBM and ACC. Thereafter, at a further hearing of the Summons on 16 July 2021, the Grand Court ordered that the Cayman Petition be treated as an inter-party proceeding between Tianrui, CNBM and ACC, save that the Company may also participate for the purpose of discovery and to be heard regarding the appropriate remedy should the Cayman Petition be granted. At the hearing, Tianrui conceded that the only relief it was seeking in the winding-up proceedings was the liquidation of the

Company and was ordered to amend its Cayman Petition accordingly. The Grand Court also granted leave to Tianrui to amend the Writ to confine the relief it is seeking to declarations that (i) the exercise by the Company's Directors of the power to issue certain convertible bonds on or about 8 August and/or on about 3 September 2018 was not a valid exercise of the said power; (ii) the exercise by the Directors on 30 October 2018 of the power to convert the aforesaid bonds and the power to issue new shares was not a valid exercise of the said powers; (iii) the exercise by the Directors of the power to issue all other shares and securities in the Company after 1 August 2018 was not a valid exercise of the said power.

The hearing took place on 23 May 2022 following which the Grand Court settled the list of issues between the parties to the Cayman Petition for the purposes of discovery. Parties attended a case management hearing on 22 November 2022 and made further written submissions on 3 February 2023 to settle outstanding issues in relation to discovery. The Grand Court delivered rulings on 17 October 2023 and 26 October 2023, and a judgment dated 30 October 2023, regarding the scope of discovery. The Grand Court also made an order dated 7 February 2022 containing directions for discovery, and an order dated 9 April 2024 in respect of the search parameters for discovery and costs of discovery.

**(c) Litigation in Hong Kong**

On 18 July 2023, the Company announced that the Company and its subsidiaries, namely China Shanshui Cement Group (Hong Kong) Company Limited ("**CSC HK**") and China Pioneer Cement (Hong Kong) Company Limited ("**Pioneer**"), were served with a writ of summons dated 28 June 2023 under the action number HCA 1013 of 2023 (the "**Writ of Summons**") issued by Tianrui Group Company Limited ("**Tianrui Group**") in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region. Subsequently, the Writ of Summons was also served on Shandong Shanshui Cement Group Company Limited ("**Shandong Shanshui**"), another wholly-owned subsidiary of the Company.

In the Writ of Summons, Tianrui Group alleges that it extended loans to the Company, CSC HK, Pioneer and Shandong Shanshui (collectively, "**CSC Group**") with the alleged outstanding amount (the "**Alleged Loans**") as described in the announcement published by the Company on 18 July 2023, and claims for repayment of the Alleged Loans.

In its Defence and Counterclaim filed on 3 January 2024, CSC Group denies on substantial grounds that Tianrui Group is entitled to claim for repayment of the Alleged Loans, and counterclaims against Tianrui Group for (and is therefore in any event entitled to set off the Alleged Loans against) damages and/or equitable compensation as a result of the unlawful means conspiracy committed by Tianrui Group and other parties with the intention of injuring CSC Group and its subsidiaries during the period from 2015 to 2018. CSC Group's counterclaim in this action is substantially based on its claim against Tianrui Group and other parties in HCA 548 of 2019. Accordingly, CSC Group intends to apply for consolidation of this action with HCA 548 of 2019, and/or for the two actions to be heard together and/or one after the other before the same judge (the "**Hearing Together Summons**"). All parties in HCA 548 of 2019 are neutral to the Hearing Together Summons, except Tianrui Group, Tianrui (International) Holding Company Limited, Li Liufa and Ho Man Kay, Angela.

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group's counterclaim in this action allegedly, inter alia, on the ground that CSC Group's counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the "**Strike-Out Summons**"). CSC Group considers that the application is baseless, and will contest strenuously. The substantive hearing of the Hearing Together Summons and the Strike-Out Summons is fixed to be heard together on 30 April 2025.

Other than the disclosure above, as at 31 December 2024, as far as the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2024, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

## DISCUSSION ON THE RESULTS AND FINANCIAL POSITIONS OF THE COMPANY

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Environment and Industry Overview

***Demand side: Cement demand continued to shrink***

In 2024, the cement market demand continued the overall trend of the past two years, and has continued to be affected by the reduction in downstream real estate investment and the slowdown of infrastructure projects. Cement demand across the country and in all major consumption areas experienced significant declines, leading to a notable decrease in capacity utilization rates.

According to data from the National Bureau of Statistics, the cumulative cement output of enterprises-above-designated-size in China reached 1,825 million tonnes in 2024, representing a year-on-year decrease of 9.5% (on a comparable basis), the lowest level of cement output in 15 years.

The main reasons for the continued shrinkage in cement demand are as follows: Firstly, there has been a sustained and significant decline in real estate investment, with a severe shortage of newly-commenced projects, resulting in a continued substantial decrease in cement demand from the real estate sector. Secondly, there was insufficient funding for infrastructure construction, resulting in a slowdown in the progress of projects such as highways as well as a decline in cement demand from the infrastructure sector.

***Supply side: The continued increase in the intensity of staggered production during the peak season reaped significant results***

According to the preliminary statistics of the Digital Cement, by the end of 2024, there were 1,543 new dry-type cement clinker lines (including small special cement kilns), and the annual capacity of clinkers (as intended by design) was 1.81 billion tonnes per year (calculated based on 310 days per year). The utilization rate of the actual capacity of clinkers is expected to be 53% in 2024, representing a decrease of 6 percentage points as compared with that of 2023.

From a quarterly perspective: The relationship between market supply and demand remained tense, and corporate sentiment was volatile, leading to a slump in cement prices to their lowest point and leaving the entire industry mired in losses. In the second quarter, led by leading companies in various locations, the industry actively promoted self-discipline and strengthened the implementation of staggered production. However, the peak season was not as flourishing as expected, the scheduling of staggered production did not align with the actual decline in demand, and cement inventory remained at a high level for most of the time. In the third quarter, the industry faced a low season with a further contraction in cement demand. Although the intensity of staggered production had increased, it was insufficient to reverse the overall imbalance between supply and demand, bringing about frequent adjustments in cement prices in some regions. In the fourth quarter, the Yangtze River Basin, Southwest China, Shandong, Henan and other regions strengthened the implementation of off-peak kiln shutdowns during the peak season, significantly lowering inventory levels and prompting a price recovery.

***Cement prices: Hovering at low levels in the first half of the year, gradually recovering in the second half of year***

Throughout the year, the cement market prices exhibited a complex trend characterized by "hovering at low levels in the first half of the year, gradually recovering in the second half of year, and experiencing relatively frequent fluctuations".

By quarter, the trend of cement prices showed a progressive increase. Specifically, the first quarter witnessed the lowest price of the year with an average market price of RMB363/tonne, a significant year-on-year decrease of RMB65/tonne. In the second quarter, prices rose slightly compared to the previous quarter, with an average of RMB370/tonne, narrowing the year-on-year drop to RMB43/tonne. In the third quarter, prices climbed further to RMB385/tonne, up by RMB15/tonne from the previous quarter and RMB22/tonne higher compared to the same period last year. In the fourth quarter, prices surged to RMB418/tonne, reaching the year's highest point and achieving a remarkable turnaround, with a substantial year-on-year increase of RMB45/tonne.

The main factors affecting the trend of cement prices are as follows: Firstly, there was a significant decline in domestic cement market demand. Specifically, the demand continued to decrease by 10% year-on-year, and the new construction area of properties underwent continuous deep adjustments. Meanwhile, the recovery of key projects under construction and housing construction projects fell short of expectations due to shortage of funds. Particularly in the second half of the year, the pressure on local governments to resolve debt issues led to a substantial reduction in the number of municipal projects, further widening the year-on-year decline in cement demand. Secondly, there were contractions and adjustments in the supply side of the cement market. Due to the continuous deterioration of market supply and demand, the cement market in most regions fell into a state of full competition in the first quarter. However, by the second quarter, under the active leadership of dominant enterprises in various regions, the supply side was effectively controlled through the continuous increase in the intensity of staggered production, thereby influencing the trend of cement prices. Thirdly, there was an adjustment in corporate market strategies. In the face of fierce market competition, companies have gradually shifted from full competition to deeper cooperation, while profit improvement became the dominant objective of their strategies. As a result, the behavior of cutting prices to increase sales volume and engaging in "price wars" has significantly diminished. This strategic adjustment also had a positive impact on cement prices.

By region, Northeast China emerged as the "shining star" in terms of cement price performance in 2024. The average annual price rose to RMB456/tonne, an increase of RMB74/tonne compared to the same period last year, marking a significant rise of 20%. It was also RMB50-100/tonne higher compared to other regions, making it the only area nationwide to experience a year-on-year price increase. Looking back at the annual trend of cement prices in Northeast China, the first quarter continued the sluggish market conditions of the previous two years, with factory price of cement hovering around RMB200/tonne. Most enterprises within the region were confronted with the predicament of huge losses. Some enterprises were on the brink of broken capital chains and struggled to cover expenses, making business operations extremely difficult. In the second quarter, to reverse this downward trend, companies reached a consensus to strengthen industry self-regulation, implement more stringent staggered production measures, and proactively reduce supply. This led to a significant improvement in the relationship between market supply and demand, and supported a continuous and substantial rise in cement prices, which remained high until the end of the fourth quarter. Against the backdrop of a generally sluggish national cement market, the Northeast China's counter-trend surge stood out and garnered widespread attention. Enterprises in other regions began to emulate these practices in hopes of improving their own market conditions.

Propelled by the wave of recovery in the Northeast market, the cement industries in Northwest China and North China also took the initiative to push for price increases starting from the second quarter. However, the performance of these two regions was quite different. Cement prices in Northwest China followed Northeast China in showing a recovery trend, with an annual average price of RMB394/tonne, which was only a slight year-on-year decline of 1.9%. This price was the second highest level nationwide, which was mainly attributable to the stable and relatively high prices maintained in Xinjiang, Gansu, and Qinghai.

In contrast, the price performance in North China was relatively stable, with only a moderate increase of RMB20-30/tonne observed in June. In the second half of the year, prices largely remained steady. Despite several attempts by enterprises to raise prices, these efforts were more often aimed at stabilizing prices rather than achieving significant increases.

In 2024, cement prices in Southwest China became the lowest in the country, with an average transaction price of RMB355/tonne, the lowest level nationwide. This was mainly due to the drag from Chongqing market, where price competition was exceptionally fierce, with prices once plummeting to RMB180-190/tonne, causing widespread losses among enterprises. Fortunately, in the fourth quarter, enterprises strengthened industry self-discipline and promoted staggered production measures, contributing to a strong rebound in prices, which alleviated the operational pressure on businesses.

In 2024, the average price of cement in Central China and South China was RMB369/tonnes, marking the largest year-on-year decline among all major regions in the country, falling by RMB34/tonne compared to 2023, a decrease of 8.4%. Secondly, the annual average transaction price in East China stood at RMB377/tonne, a year-on-year decrease of RMB22/tonne or 5.5%. Throughout the first half of the year, cement prices in Central China, South China and East China consistently hovered at or below the break-even point or cost line. Despite attempts by industry players to push prices up through industry self-discipline, none of these efforts was successful. The reasons can be attributed to several factors: On one hand, some companies, aiming to expand their market share, failed to strictly implement price increase strategies, resulting in a lackluster effect on price enhancement. On the other hand, the timing of staggered production did not align well with the actual decline in demand, and market competition remained fierce, keeping cement prices at a low level throughout the first half of the year. However, the situation improved in the second half of the year. Companies in the Yangtze River Delta and Pearl River Delta, including industry leaders, adjusted their business strategies and effectively implemented staggered production measures, which significantly contributed to a dramatic increase in cement prices, consequently enhancing the economic benefits for both the industry and companies.

In summary, the national cement market price in 2024 was initially at low levels and gradually increased, with volatility and adjustments within mid-to-low range. There were both lows and highs within the year, coupled with distinct variations across different regions and at different times.

***Effectiveness: Sharp decrease in industrial profit margins***

Since the beginning of 2024, the cement market has faced severe demand contraction due to multiple adverse factors, including the downturn in the real estate market and the slowdown of infrastructure project construction in key provinces and cities to prevent local debt risks. These challenges have exacerbated the imbalance between supply and demand, eroded market confidence, and made business operations difficult for enterprises. In response, companies across various regions have resorted to vicious price competition to capture market share, driving cement prices down to hover near cost lines. The industry recorded a sharp decline in profits, with the sector experiencing losses in the first half of the year. In the second half of the year, regions across the country began seeking ways to break free from "rejecting excessive competition", and profit improvement became the dominant strategy for enterprises. The behavior of cutting prices to increase sales volume and engaging in "price wars" has noticeably decreased, resulting in a significant recovery in industry benefits. The cement industry is expected to make a profit of approximately RMB25 billion in 2024, representing a year-on-year decrease of approximately 20%, but with a significantly narrowed decline.

**(Source: Digital Cement)**

**Company's business review**

In 2024, the Group was committed to refining our fundamental internal management to enhance the quality of existing manufacturing operations and the management of financial resources and liquidity.

As at 31 December 2024, the Group had a total production capacity of 96.93 million tonnes of cement, 52.13 million tonnes of clinker and 20.10 million cubic meters of concrete.

During the Reporting Period, the Group's total sales of cement and clinker were 51,783,000 tonnes, representing a YOY decrease of 17.7%; sales volume of concrete was 2,272,000 cubic meters, representing a YOY decrease of 25.5%; revenue was RMB14,509,866,000, representing a YOY decrease of 19.9%; and the loss for the year was RMB189,041,000, representing a decrease of 82.0% as compared to a loss of RMB1,050,106,000 in 2023.

## REVENUE

The table below shows the sales breakdown by region during the Reporting Period:

| Region | **2024** Sales revenue *RMB'000* | **2024** Sales proportion | 2023 Sales revenue *RMB'000* | 2023 Sales proportion | Change of sales revenue |
|---|---|---|---|---|---|
| Shandong Region | **8,358,881** | **57.6%** | 10,694,923 | 59.0% | -21.8% |
| Northeastern China Region | **3,850,479** | **26.5%** | 4,582,942 | 25.3% | -16.0% |
| Shanxi Region | **1,874,384** | **12.9%** | 2,312,806 | 12.8% | -19.0% |
| Xinjiang Region | **426,122** | **3.0%** | 525,716 | 2.9% | -18.9% |
| Total | **14,509,866** | **100%** | 18,116,387 | 100% | -19.9% |

During the Reporting Period, the Group's revenue amounted to RMB14,509,866,000, representing a decrease of RMB3,606,521,000 or 19.9% as compared with 2023. The decrease in revenue was mainly attributable to a 15% YOY decrease in the sales volume of cement and a 3% YOY decrease in the price for the year.

In respect of revenue contribution for 2024, sales of cement and clinker accounted for 91.4% (2023: 90.8%) and the sales of ready-mix concrete accounted for 4.7% (2023: 6.2%).

The table below shows the sales breakdown by product during the Reporting Period:

| Product | **2024** Sales revenue *RMB'000* | **2024** Sales proportion | 2023 Sales revenue *RMB'000* | 2023 Sales proportion | Sales revenue YOY change |
|---|---|---|---|---|---|
| Cement | **11,773,070** | **81.1%** | 14,208,432 | 78.4% | -17.1% |
| Clinker | **1,501,593** | **10.3%** | 2,238,501 | 12.4% | -32.9% |
| Concrete | **678,275** | **4.7%** | 1,118,872 | 6.2% | -39.4% |
| Others | **556,928** | **3.9%** | 550,582 | 3.0% | 1.2% |
| Total | **14,509,866** | **100%** | 18,116,387 | 100% | -19.9% |

## COST OF SALES AND GROSS PROFIT

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity), depreciation and amortization and other overhead costs. During the Reporting Period, the Group's cost of sales was RMB12,416,024,000 (2023: RMB16,203,780,000). The decrease in cost of sales was mainly due to a YOY decrease in both the external sales volume and the unit production cost of cement and clinker during the year.

The gross profit for 2024 was RMB2,093,842,000 (2023: RMB1,912,607,000), representing a gross profit margin of 14.4% on revenue (2023: 10.6%). The increase in gross profit was mainly attributable to the cement sales price showing a start-low and end-high trend during the year, with a significant price increase since June, resulting in a slight YOY decrease of 3% in cement sales prices; at the same time, due to a greater decrease in the cost on various raw materials and fuels expenses during the year, the decrease in the unit production cost was greater than the decrease in the sales price, resulting in an increase in gross profit margin.

## FINANCIAL REVIEW

### Other income

Other income decreased from RMB236,679,000 to RMB190,143,000, mainly due to the decrease in government grants during the year as compared with the previous year.

### Other net expenses, gains and losses

With respect to other net expenses, gains and losses, the Group recorded a gain of RMB39,610,000 for the year ended 31 December 2024, as compared to a loss of RMB259,750,000 for the year ended 31 December 2023, mainly due to (i) the compensation granted to the Group, pursuant to the relocation compensation agreement, due to the highway construction project causing the compression of the mineral resources and the relocation of conveyor belts to road transportation increasing its operating costs, and (ii) the gain arising from the disposal of a subsidiary during the year.

**Selling and marketing expense, administrative expense and finance expense**

A YOY decrease of 12.1% from RMB317,920,000 to RMB279,593,000 was recorded in selling and marketing expenses, mainly due to a YOY decrease in the sales volume of cement, resulting in a YOY decrease in loading and unloading fees and sales service charges for the year.

A YOY decrease of 23.9% from RMB1,535,013,000 to RMB1,168,523,000 was recorded in administrative expense, mainly due to the provision resulting from employment compensation and compensation for resignation granted to certain employees based on their prior employment relationship in the course of the restructuring of the subsidiary, Shandong Shanshui, from a state-owned enterprise to a privately-owned enterprise in the previous year; in addition, a YOY decrease was recorded in the number of employees, resulting in a YOY decrease in the cost of salaries, and various expenses were tightened during the year.

A YOY decrease of 1.1% from RMB218,273,000 to RMB215,934,000 was recorded in finance expense, mainly due to the decline in bank loan interest rates during the year as compared with the previous year.

**Taxation**

A YOY decrease of 27.6% from RMB172,567,000 to RMB125,000,000 was recorded in income tax expenses, mainly due to the decrease of taxable income for the year.

**Loss for the year**

The Group recorded a net loss for the year of RMB189,041,000 while the net loss for 2023 was RMB1,050,106,000. Loss for the year was mainly due to the decrease in the sales volume of cement resulting from the weak market demand. However, as a result of the increase in gross operating profit and the decrease in selling and marketing expenses, administrative expenses and finance expenses to varying degrees under the various cost and expense control measures taken during the year, the loss for the year was reduced by RMB861,065,000 as compared to the corresponding period of last year, representing a YOY decrease of 82.0%.

## FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2024, the total interest-bearing bank loans was RMB5,365,460,000, out of which RMB3,797,750,000 will be due within 12 months from the end of the Reporting Period. The Directors have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and believe that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest-bearing borrowings.

As at 31 December 2024, total assets decreased by 1.8% to RMB30,222,319,000 (2023: RMB30,773,414,000), while total equity decreased by 1.1% to RMB18,192,206,000 (2023: RMB18,403,364,000).

As at 31 December 2024, bank balances and cash of the Group was RMB2,179,627,000 (2023: RMB2,254,037,000).

As at 31 December 2024, net gearing ratio of the Group was 14.9% (2023: 13.5%), each of which was calculated based on net debts and total equities as of 31 December 2024 and 31 December 2023. The increase of gearing ratio was due to the increase in bank loans for the year.

### Cash flow

The analysis on cash flow during the Reporting Period is set out below:

*(Unit: RMB'000)*

| | **2024** | 2023 |
|---|---|---|
| Net cash generated from operating activities | **538,173** | 424,228 |
| Net cash used in investing activities | **(648,958)** | (1,631,609) |
| Net cash generated from financing activities | **27,992** | 1,310,377 |
| Net change in cash and cash equivalents | **(82,793)** | 102,996 |
| Balance of cash and cash equivalents as at 1 January | **2,254,037** | 2,124,362 |
| Effect of foreign exchange rates change | **8,383** | 26,679 |
| Balance of cash and cash equivalents as at 31 December | **2,179,627** | 2,254,037 |

**Net cash generated from operating activities**

During the Reporting Period, the Group recorded a net cash generated from operating activities of RMB538,173,000, representing a YOY increase of RMB113,945,000, mainly due to the decrease in various costs and expenses for the year.

**Net cash used in investing activities**

During the Reporting Period, the Group recorded a net cash used in investing activities of RMB648,958,000, representing a YOY decrease of RMB982,651,000, mainly due to the decrease of capital expenditure in construction of new production lines for cement and clinker and equipment purchase for technical transformation, as well as equity investment within the Group during the year.

**Net cash generated from financing activities**

During the Reporting Period, the Group recorded a net cash generated from financing activities of RMB27,992,000, representing a YOY decrease of RMB1,282,385,000, mainly due to the decrease in the net inflow of bank loans for the year.

**Capital expenditures**

During the Reporting Period, the capital expenditures were approximately RMB824,115,000, which were mainly invested in intelligent production, mine resources reserves, and new construction and technical improvement of cement and clinker production lines.

Outstanding capital commitments under production facility construction contracts and equipment purchase agreements not provided for in the financial statements as at 31 December 2024 were as follows:

*(Unit: RMB'000)*

| | **31 December 2024** | 31 December 2023 |
|---|---|---|
| Authorised and contracted for | | |
| – plant and equipment and intangible assets | **1,085,833** | 1,275,929 |
| Authorised but not contracted for | | |
| – plant and equipment and intangible assets | **1,093,908** | 918,370 |
| Total | **2,179,741** | 2,194,299 |

**Pledge of assets**

Details in relation to pledge of assets of the Group as at 31 December 2024 are set out in note 13.

**Contingent liabilities**

Details in relation to contingent liabilities of the Group as at 31 December 2024 are set out in note 14.

**Human resources**

As at 31 December 2024, the Group had a total of 14,700 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

**Material acquisition and disposal of subsidiaries and affiliated companies**

On 19 March 2024, the Group entered into an agreement with an independent third party for the disposal of 70% equity interest in a subsidiary, Guangrao Shanshui Cement Company Limited, at a consideration of RMB26,295,000, which transaction had no material impact on the Group's financial operations, and the relevant gain or loss on the disposal is set out in note 6 to this announcement. Except for the foregoing paragraph, the Group had no other material acquisition or disposal during the Reporting Period.

**Management of foreign exchange exposure**

The Group's functional currency is RMB, and during the Reporting Period, as most of the sales amounts and purchase amounts of the Group were denominated in RMB, there was no significant foreign exchange exposure.

The Group did not use any financial derivatives to hedge against any foreign exchange exposure.

## OUTLOOK FOR 2025

### (a) Operating environment outlook

In 2024, with the annual demand for cement experiencing a rapid double-digit decline, the imbalance between supply and demand in the industry exacerbated and the competition was increasingly fierce, leading to a sharp decline in profits. In the fourth quarter, a nationwide effort was initiated to explore the path of "rejecting excessive competition", and profit improvement became the core focus of corporate strategies. The phenomenon of slashing prices to capture market share diminished, and the industry gradually turned losses into gains. Looking ahead to 2025, the cement industry will face an increasingly complex market environment. Due to the influence of multiple factors, the issue of insufficient demand in the cement market remains prominent. The strengthening of industry self-discipline, the implementation of staggered production and the gradual effectiveness of capacity management policies will collectively drive a recovery in profits of the cement industry. It is anticipated that cement prices in 2025 will continue to be initially at low levels and gradually increase, with the center point of fluctuation shifting upwards.

From the perspective of demand: In 2025, the issue of insufficient demand in the cement market remains prominent due to the influence of multiple factors. However, the Politburo meeting proposed "stabilizing the property market", and the Economic Work Conference of the Central Government stressed "continuing efforts to halt the decline and stabilize the real estate market". This sets the tone for the property market in 2025 and signals a more resolute stance on stabilizing the property market. Meanwhile, a moderately loose monetary policy and a more proactive fiscal policy will be implemented in 2025, aiming to provide stable funding support for infrastructure investment. The strengthened support for infrastructure will benefit the recovery of cement demand driven by infrastructure projects. Although it is expected that the cement demand throughout 2025 will decrease compared to 2024, the rapid decline in demand is expected to slow down under the regulation of extraordinary countercyclical policies, with the decline narrowing to around 5%-7%.

From the perspective of supply: The capacity utilisation rate will be further reduced affected by insufficient demand and increasingly severe industry overcapacity. Currently, there are 15 production lines under construction nationwide with a combined capacity of approximately 23,000,000 tonnes, of which 8 production lines with a capacity of nearly 12,000,000 tonnes are expected to commence operation in 2025, further exacerbating the overcapacity problem. However, in 2025, the government will intensify regulatory efforts in the cement industry, and capacity management policies will become stricter, driving the industry to reduce capacity and adjust its structure to improve the market supply and demand. Coupled with the regulation of production through regular staggered production, the downward trend in the cement industry's profits will be effectively curbed, and significant progress will be made in addressing excess capacity. It is expected that cement prices in 2025 will continue to be initially at low levels and gradually increase, with the fluctuation center shifting upwards. The cement industry is expected to achieve a steady growth in profits in 2025.

**(Source: analysis of the economic operation of China cement in 2024 and outlook for 2025, Digital Cement)**

**(b) Business outlook of the Company**

In 2025, the Company will focus on improving efficiency, adhering to the overall tone of seeking progress while maintaining stability and promoting stability through progress, coordinating business development and risk prevention, concentrate on improving operational efficiency, enhancing management effectiveness and accumulating development momentum, and earnestly carry out the "Year of Efficiency Improvement" action, so as to fully boost high-quality development.

1. **Making every effort to stabilize quantity and price.** We will actively respond to the national requirement for comprehensive management of "excessive competition", and continuously promote the construction of a healthy industry ecosystem. Building on the strengths of quality, brand, and service, we will further intensify the research and development of high value-added products to retain existing customers and attract new customers. By integrating online and offline sales channels, we will extend service coverage and ensure precise alignment between production and sales.

2. **Reinforcing cost management.** We will focus on production cost reduction with the approach of "improving efficiency, cutting expenditures and reducing costs", comprehensively enhance benchmarking management, identify the optimal threshold between cost and quality, and maintain the best economic operating conditions. We will concentrate on supply assurance and cost reduction, leveraging our own centralized procurement and transportation platforms to integrate procurement and transportation needs, actively seeking strategic-level suppliers and direct suppliers for collaboration; explore new models of inter-industry collaborative procurement to jointly achieve benefits from the upstream supply chain; promote shared warehousing models to improve material utilization. We will focus on human resource management, continuously optimize staff position allocation, and strive to resolve structural talent shortages.

3. **Optimizing industrial layout.** Starting from investments, we will timely advance "fast-turnover" industrial chain projects and focus on developing commercial concrete operations in advantageous regions through various methods such as, amongst others, new project constructions, cooperative operations, and leasing in order to actively integrate terminal markets. We will also steadily promote projects that increase resource reserves to ensure sustainable development. Starting from resource allocation, we will leverage the comparative advantages of the enterprise, scientifically plan capacity adjustment schemes, and build a regional industrial chain through integrated unit operation management, to enhance overall competitive strength. At the same time, we will prioritize extending and supplementing the chain to promote transformation and development, and timely clear out inefficient and ineffective assets.

4. **Promoting green transformation.** We will establish and improve the carbon management mechanism, comprehensively calculate carbon assets, and swiftly integrate into the carbon market. We will steadily increase the utilization rate of alternative raw and fuel materials. In addition to external procurement, we will advance the implementation of pilot projects for alternative fuel processing to achieve self-production and self-use. Adhering to the harmonious unity of enterprise and local communities, we will orderly facilitate the investment and construction of various environmental protection projects.

5. **Preventing funding risks.** We will further strengthen the rigid constraints of budgeting, reinforce expense management, and avoid ineffective expenditures; promote the establishment of credit ratings to effectively expand financing channels; actively seek the conversion of bank loans to lower interest rates to alleviate financial cost pressures; intensify policy research and utilization to ensure full enjoyment of policy benefits; follow up on the clearance of accounts receivable and take necessary preservation measures in a timely manner to effectively safeguard our rights and interests.

6. **Address loss-making enterprises.** We will take into account the strategic value and economic benefits of loss-making enterprises, evaluate their sustainable operating capabilities, and develop governance plans tailored to different enterprises aiming to further reduce the scope of losses, including those which can achieve positive cash flow, those which suffer long-term losses with no hope of turnaround, and those which lose money in non-core businesses.

## FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2024.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining good corporate governance standards.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

During the Reporting Period, the Board was not aware of any information which would indicate that the Company did not comply with the code provisions of the CG Code unless otherwise indicated.

### Chairman and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

The Company did not appoint any Chief Executive Officer, and Mr. LI Huibao, the former Chairman, undertook the responsibilities of a Chief Executive Officer until 31 May 2024.

Upon the conclusion of the annual general meeting held on 31 May 2024, Mr. LI Huibao retired as the Chairman and an Executive Director of the Company.

Immediately following the resignation of Mr. LI Huibao, the Board and the Nomination Committee considered several potential candidates to undertake the role and responsibilities of the Chairman. However, in order to ensure the development, stability and sustainability of the Company, the Board considered it essential to conduct an in-depth review of all aspects of interests and balance of power before an appropriate candidate can be selected and appointed as the Chairman, which was time-consuming. In the absence of a Chairman, the Board temporarily nominated Ms. WU Ling-ling, an Executive Director of the Company, to discharge the responsibilities of a Chairman as required under code provisions C.2.2 to C.2.9 of the CG Code and undertake the responsibilities of the Chief Executive Officer following resignation of Mr. LI Huibao.

On 5 August 2024, Mr. TENG Yongjun ("**Mr. TENG**") was appointed as the Chairman of the Board and an Executive Director to discharge the responsibilities as required under code provisions C.2.2 to C.2.9 of the CG Code. Mr. TENG has also undertaken the responsibilities of a Chief Executive Officer in place of Ms. WU Ling-ling since 5 August 2024.

In allowing the two positions to be occupied by the same person as described above, the Company has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the requisite knowledge, experience and leadership are difficult to identify. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by the Board which comprises experienced and high calibre individuals (including Executive Directors and Independent Non-Executive Directors).

For the reasons as set out above, the Board considered that good corporate governance has been achieved throughout the Reporting Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period.

## REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY THE AUDIT COMMITTEE

This announcement has been reviewed by the Audit Committee with discussions with the existing management.

## SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore on the preliminary announcement.

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("**IFRSs**") as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which highlights that the Group had a net loss for the year of approximately RMB189,041,000 and net current liabilities of approximately RMB1,203,025,000. As at 31 December 2024, the Group's total interest-bearing bank loans amounted to RMB5,365,460,000, out of which RMB3,797,750,000 are due within twelve months from the end of the Reporting Period. In addition, there is a winding-up petition against the Company, details of which are disclosed in note 14, which is pending resolution.

These conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate the existence of material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

## ANNUAL GENERAL MEETING

The Company's annual general meeting is to be held on 22 May 2025. The notice of the annual general meeting will be published on the websites of the Company (http://www.sdsunnsygroup.com) and of the Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) as and when appropriate.

## CLOSURE OF THE REGISTER OF MEMBERS

For determining the shareholders with entitlement to attend and vote at the annual general meeting, the register of members will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 16 May 2025.

## APPRECIATION

On behalf of the Directors, I would like to express my sincere gratitude to our creditors, shareholders, customers and business partners for their great support, and all our employees for their dedication and hard work.

By Order of the Board
**China Shanshui Cement Group Limited**
**TENG Yongjun**
*Chairman*

Hong Kong, 12 March 2025

*As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. TENG Yongjun, Ms. WU Ling-ling and Ms. ZHENG Yingying; and three Independent Non-Executive Directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan.*