西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

2024 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights:

RMB' Million (unless otherwise specified)	**Year ended 31 December 2024 (million)**	Year ended 31 December 2023 (million)	% Change
Total Cement and Clinker Sales Volume (million tons)	**20.0**	20.5	(2.4%)
Cement Sales Volume (million tons)	**19.2**	19.8	(3.0%)
Aggregates Sales Volume (million tons)	**3.48**	4.05	(14.1%)
Commercial Concrete sales volume (million cubic meters)	**1.39**	1.91	(27.2%)
Revenue	**8,334.9**	9,020.9	(7.5%)
Gross Profit	**1,973.8**	2,460.0	(19.8%)
EBITDA[(1)]	**2,643.3**	2,948.6	(10.4%)
Profit Attributable to Owners of the Company	**626.2**	421.3	48.6%
Basic Earnings Per Share	**11.5 cents**	7.7 cents	49.4%
Proposed Final Dividend	**3.4 cents**	2.3 cents	47.8%
Gross Profit Margin	**23.7%**	27.3%	(3.6 ppt)
EBITDA Margin	**31.7%**	32.7%	(1.0 ppt)

	As at 31 December 2024	As at 31 December 2023	% Change
Total Assets	**36,289.9**	32,902.9	10.3%
Net Debt[(2)]	**9,017.9**	8,556.1	5.4%
Net Gearing[(3)]	**65.3%**	60.4%	4.9 ppt
Net Assets Per Share	**253 cents**	260 cents	(2.7%)

Notes:

(1) EBITDA equal to profit before tax plus finance costs, depreciation and amortisation, impairment losses, loss on derecognition of a subsidiary, provision for administrative penalty and fair value changes less interest income, net foreign exchange gains/(losses), hyperinflation restatement and gain on disposal of a joint venture/subsidiary.

(2) Net debt equal to borrowings, medium-term notes and senior notes less bank balances and cash and restricted/pledged bank deposits.

(3) Net gearing is measured as net debt to equity.

The board ("Board") of directors ("Directors") of West China Cement Limited (the "Company") is pleased to announce its annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 together with the comparative figures for the corresponding year of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	*2*	**8,344,946**	9,020,901
Cost of sales		**(6,371,161)**	(6,560,882)
Gross profit		**1,973,785**	2,460,019
Other income	*3*	**148,065**	142,719
Selling and marketing expenses		**(131,782)**	(132,386)
Administrative expenses		**(702,267)**	(796,404)
Other expenses		**(101,700)**	(200,429)
Other gains and losses, net	*4*	**182,484**	(277,668)
Impairment losses under expected credit loss model, net of reversal	*5*	**(54,903)**	(18,489)
Share of result of a joint venture		**–**	(3,403)
Share of result of an associate		**2,137**	–
Interest income	*6*	**69,046**	88,189
Finance costs	*7*	**(294,683)**	(307,839)
Profit before tax	*8*	**1,090,182**	954,309
Income tax expense	*9*	**(262,327)**	(268,608)
Profit for the year		**827,855**	685,701

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — *Continued*
For the year ended 31 December 2024

	NOTES	**2024** **RMB'000**	2023 RMB'000
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,147,913)**	(61,369)
Total comprehensive (expense) income for the year		**(320,058)**	624,332
Profit for the year attributable to:			
— Owners of the Company		**626,181**	421,278
— Non-controlling interests		**201,674**	264,423
		827,855	685,701
Total comprehensive (expense) income attributable to:			
— Owners of the Company		**75,170**	369,701
— Non-controlling interests		**(244,888)**	254,631
		(320,058)	624,332
Earnings per share			
— Basic (RMB)	*10*	**0.115**	0.077
— Diluted (RMB)	*10*	**0.115**	0.077

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	**2024** **RMB'000**	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**23,183,932**	20,809,466
Investment properties		**94,358**	47,059
Right-of-use assets		**758,758**	833,809
Mining rights		**1,734,848**	1,728,434
Other intangible assets		**358,579**	430,705
Interest in an associate		**10,137**	8,000
Equity investment at fair value through profit or loss ("FVTPL")		**36,217**	37,128
Loan receivables	*11*	**134,687**	396,109
Deferred tax assets		**131,498**	165,980
Prepayments for right-of-use assets		**34,087**	26,600
Prepayments for mining rights		**9,500**	9,500
Deposits paid for acquisition of property, plant and equipment		**329,048**	395,357
Other deposits		**134,147**	134,637
Pledged/restricted bank deposits		**107,801**	70,000
		27,057,597	25,092,784
Current assets			
Inventories		**1,860,157**	1,398,662
Properties under development		**1,276,265**	944,082
Trade and other receivables and prepayments	*12*	**3,388,534**	3,175,323
Loan receivables	*11*	**273,713**	241,668
Pledged/restricted bank deposits		**1,276,519**	1,127,669
Cash and cash equivalents		**1,157,136**	922,662
		9,232,324	7,810,066

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

	NOTES	**2024** *RMB'000*	2023 *RMB'000*
Current liabilities			
Borrowings	*13*	**3,917,111**	3,632,813
Trade and other payables	*14*	**7,501,250**	5,125,429
Dividend payables		**60,370**	129,415
Contract liabilities		**1,249,554**	721,709
Deferred income		**5,491**	4,850
Income tax payable		**58,911**	195,439
		12,792,687	9,809,655
Net current liabilities		**(3,560,363)**	(1,999,589)
Total assets less current liabilities		**23,497,234**	23,093,195
Non-current liabilities			
Borrowings	*13*	**3,172,381**	2,719,404
Asset retirement obligation		**390,795**	358,178
Deferred tax liabilities		**511,040**	409,578
Deferred income		**15,437**	20,804
Senior notes	*15*	**4,469,815**	4,324,193
Other long-term payables		**1,121,281**	1,093,088
		9,680,749	8,925,245
Net assets		**13,816,485**	14,167,950
Capital and reserves			
Share capital		**142,261**	141,837
Share premium and reserves		**12,125,916**	12,141,608
Equity attributable to owners of the Company		**12,268,177**	12,283,445
Non-controlling interests		**1,548,308**	1,884,505
Total Equity		**13,816,485**	14,167,950

NOTES:

(All amounts in RMB thousands unless otherwise stated)

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's 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

The application of the amendments to IFRS Accounting Standards 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.

Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to IFRS Accounting Standards 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 — Volume 11[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 after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except as described below, the directors of the Company anticipate that the application of other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") — *Continued*

Amendments to IFRS Accounting Standards in issue but not yet effective — *Continued*

Amendments to IAS 21 Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability;
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate — including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations — and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") — *Continued*

Amendments to IFRS Accounting Standards in issue but not yet effective — *Continued*

Amendments to IAS 21 Lack of Exchangeability — Continued

The amendments add a new appendix as an integral part of IAS 21. The appendix includes application guidance on the requirements introduced by the amendments. The amendments also add new Illustrative Examples accompanying IAS 21, which illustrate how an entity might apply some of the requirements in hypothetical situations based on the limited facts presented.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The application of the amendments may have impact on the Group's financial position and performance in the foreign operation which is in hyperinflation economy (as disclosed in note 3) in which the local currency may not be exchangeable. The Group is in the process of assessing the detailed impact of IAS 21 on the Group's consolidated financial statements.

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 *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 *Financial Instruments: Disclosures*. 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 statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

	2024	2023
	RMB'000	*RMB'000*
Types of products and services		
Sales of cement and related products	**7,645,607**	8,710,845
Provision of construction and installation service	**227,530**	14,370
Sales of plastics bags	**68,655**	32,474
Trading of cement-related raw materials	**128,992**	46,115
Sales of gypsum	**46,943**	45,522
Others	**227,219**	171,575
	8,344,946	9,020,901

Performance obligation for contracts with customers and revenue recognition policies

Revenue is recognised at a point in time when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customer, except that revenue from provision of construction and installation service is recognised over time by reference to the progress towards complete satisfaction for construction and installation service.

Operating Segments

The Group is principally engaged in the production and sale of cement and related products, both in the PRC and overseas. Information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on different regions.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

1. The PRC markets

2. Overseas markets

2. REVENUE AND SEGMENT INFORMATION — *Continued*

Operating Segments — *Continued*

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2024

	The PRC markets *RMB'000*	Overseas markets *RMB'000*	Total *RMB'000*	Adjustments and eliminations *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE					
External sales	**5,184,775**	**3,160,171**	**8,344,946**	**–**	**8,344,946**
Inter-segment sales	**53,713**	**–**	**53,713**	**(53,713)**	**–**
Total	**5,238,488**	**3,160,171**	**8,398,659**	**(53,713)**	**8,344,946**
SEGMENT PROFIT	**348,027**	**892,752**	**1,240,779**	**–**	**1,240,779**
Share of result of an associate					**2,137**
Fair value change on equity instrument at FVTPL					**(911)**
Dividend income from equity investment at FVTPL					**1,590**
Impairment loss recognised in respect of goodwill and other non-current assets					**(122,209)**
Gain on disposal of a subsidiary					**2,880**
Unallocated directors' emoluments					**(10,531)**
Unallocated central administrative expenses					**(21,849)**
Unallocated legal and professional expenses					**(1,704)**
Profit before tax					**1,090,182**

2. REVENUE AND SEGMENT INFORMATION — *Continued*

Operating Segments — *Continued*

(i) Segment revenue and results — Continued

For the year ended 31 December 2023

	The PRC markets *RMB'000*	Overseas markets *RMB'000*	Total *RMB'000*	Adjustments and eliminations *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE					
External sales	6,250,867	2,770,034	9,020,901	–	9,020,901
Inter-segment sales	58,062	–	58,062	(58,062)	–
Total	6,308,929	2,770,034	9,078,963	(58,062)	9,020,901
SEGMENT PROFIT	355,025	1,014,779	1,369,804	–	1,369,804
Share of result of a joint venture					(3,403)
Fair value change on equity instrument at FVTPL					(55,465)
Dividend income from equity investment at FVTPL					1,897
Impairment loss recognised in respect of goodwill					(69,587)
Gain on deemed disposal of a joint venture					10,000
Loss on derecognition of a subsidiary					(255,651)
Unallocated directors' emoluments					(13,930)
Unallocated central administrative expenses					(27,303)
Unallocated legal and professional expenses					(2,053)
Profit before tax					954,309

The CODM makes decision according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

2. **REVENUE AND SEGMENT INFORMATION** — *Continued*

Operating Segments — *Continued*

(ii) Other segment information

For the year ended 31 December 2024

	The PRC markets *RMB'000*	**Overseas markets** *RMB'000*	**Consolidated** *RMB'000*
Depreciation and amortisation			
— property, plant and equipment	**974,667**	**279,384**	**1,254,051**
— right-of-use assets	**18,409**	**1,692**	**20,101**
— mining rights	**13,667**	**30,567**	**44,234**
— other intangible assets	**4,827**	**963**	**5,790**
Impairment loss (reversed) recognised in profit or loss in respect of:			
— property, plant and equipment	**104,418**	**–**	**104,418**
— goodwill	**7,644**	**–**	**7,644**
— right-of-use assets	**10,119**	**–**	**10,119**
— other intangible assets	**28**		**28**
Impairment loss, net of reversal, under expected credit loss model in respect of:			
— loan receivables	**(6,119)**	**–**	**(6,119)**
— trade and other receivables	**(26,776)**	**87,798**	**61,022**
Interest income	**66,298**	**2,748**	**69,046**
Finance costs	**168,847**	**125,836**	**294,683**
Gain/(loss) on disposal of property, plant and equipment	**3,953**	**(192)**	**3,761**
Gain on disposal of a subsidiary	**2,880**	**–**	**2,880**
Gain on disposal of mining rights	**4,087**	**–**	**4,087**
Write-down (reversal) of inventories	**175**	**(2,982)**	**(2,807)**

2. REVENUE AND SEGMENT INFORMATION — *Continued*

Operating Segments — *Continued*

(ii) Other segment information — Continued

For the year ended 31 December 2023

	The PRC markets *RMB'000*	Overseas markets *RMB'000*	Consolidated *RMB'000*
Depreciation and amortisation			
property, plant and equipment	964,477	290,558	1,255,035
— right-of-use assets	18,595	23,307	41,902
— mining rights	16,347	24,939	41,286
— other intangible assets	5,255	688	5,943
Impairment loss, net of reversal, under expected credit loss in respect of:			
— loan receivables	(3,795)	–	(3,795)
— trade and other receivables	43,162	(20,878)	22,284
Interest income	82,556	5,633	88,189
Finance costs	201,888	105,951	307,839
Gain on disposal of property, plant and equipment	4,768	542	5,310
Loss on disposal of right-of-use assets	1,213	–	1,213
Loss on disposal of mining rights	2,306	–	2,306
Reversal of inventories	(929)	–	(929)

Geographical Information

The Group's operations are mainly located in the PRC and Africa for both years. Information about the Group's revenue from external customers is presented based on the location of the markets.

	2024 ***RMB'000***	2023 *RMB'000*
The PRC	**5,184,775**	6,250,867
Africa		
— Mozambique	**1,039,180**	985,504
— Ethiopia	**892,902**	1,175,448
— Democratic Republic of Congo	**532,847**	273,719
— Other African countries	**509,724**	288,714
Others	**185,518**	46,649
	8,344,946	9,020,901

2. REVENUE AND SEGMENT INFORMATION — *Continued*

Geographical Information — *Continued*

The proportion of the Group's non-current assets (excluding financial instruments and deferred tax assets) by locations is as follows:

	2024	2023
	RMB'000	*RMB'000*
The PRC	**10,301,787**	11,097,801
Africa		
— Mozambique	**3,238,624**	3,069,436
— Ethiopia	**4,398,045**	3,380,507
— Democratic Republic of Congo	**4,952,675**	3,397,776
— Other African countries	**1,962,305**	2,451,025
Others	**1,659,811**	892,385
	26,513,247	24,288,930

No single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2024 and 2023.

3. OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Tax refund *(Note a)*	**90,918**	97,041
Government grant, including release from deferred income	**55,557**	41,080
Dividend income from equity investment at FVTPL	**1,590**	1,897
Other	**–**	2,701
	148,065	142,719

Note:

(a) The tax refund mainly represents incentives in the form of value added tax ("VAT") refund approved by the relevant government authorities as a result of utilising industrial waste as part of the production materials.

4. OTHER GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Fair value change on equity instrument at FVTPL	**(911)**	(55,465)
Impairment loss recognised in respect of goodwill and other non-current assets *(Note 21)*	**(7,644)**	(69,587)
Gain (loss) on disposal of mining rights	**4,087**	(2,306)
Net foreign exchange gain	**54,885**	45,601
Loss on derecognition of a subsidiary *(Note 41)*	**–**	(255,651)
Gain on disposal of a subsidiary *(Note 41)*	**2,880**	–
Gain on deemed disposal of a joint venture	**–**	10,000
Gain on disposal of property, plant and equipment	**3,761**	5,310
Hyperinflation restatement	**122,402**	47,567
Others	**3,024**	(3,137)
	182,484	(277,668)

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024	2023
	RMB'000	*RMB'000*
Impairment losses recognised (reversed) on:		
— trade receivables	**29,217**	21,940
— loan receivables *(note 24)*	**(6,119)**	(3,795)
— other receivables	**31,805**	344
	54,903	18,489

Details of impairment assessment are set out in Note 47.

6. INTEREST INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income from:		
— loan receivables	**55,184**	66,339
— amount due from a joint venture	**–**	3,010
— bank deposits	**13,862**	18,840
	69,046	88,189

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on:		
— bank loans	**368,424**	288,798
— other long-term payables	**22,322**	42,629
— senior notes *(Note 33)*	**224,486**	220,676
— medium-term notes	**–**	34,569
	615,232	586,672
Less: amount capitalised	**(337,621)**	(295,316)
	277,611	291,356
Unwinding of discount *(Note 35)*	**17,072**	16,483
	294,683	307,839

Borrowing costs capitalised during the year arose on general borrowing by applying capitalisation rates at 5.38% (2023: 5.27%) per annum to expenditure on qualifying assets.

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2024	2023
	RMB'000	*RMB'000*
Depreciation and amortisation:		
— Depreciation of property, plant and equipment	**1,254,051**	1,255,035
— Depreciation of right-of-use assets	**20,101**	41,902
— Amortisation of mining rights	**44,234**	41,286
— Amortisation of other intangible assets	**5,790**	5,943
Total depreciation and amortisation	**1,324,176**	1,359,008
Recognised in cost of sales	**(261,532)**	(280,238)
Capitalised in inventories	**(902,241)**	(904,728)
	160,403	174,042
Staff costs (including directors' emoluments):		
— Salaries and allowances	**805,095**	865,719
— Retirement benefits	**63,966**	67,362
Total staff costs	**869,061**	933,081
Recognised in cost of sales	**(61,356)**	(74,284)
Capitalised in inventories	**(446,360)**	(429,460)
	361,345	429,337
Research and development costs recognised as an expense (included in cost of sales)	**284,516**	335,335
Auditors' remuneration	**7,079**	7,340
Cost of inventories recognised as expenses	**5,651,998**	5,871,954
Reversal of inventories (included in cost of sales)	**(2,807)**	(929)
Donations (included in other expenses)	**6,578**	21,097
Legal and professional fees (included in other expenses)	**95,122**	52,667
Provision for administrative penalty (included in other expenses)	**5,433**	119,616

9. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax ("EIT")	**42,500**	66,264
Ethiopia Profits Tax	**63,369**	199,145
Mozambique Profits Tax	**117,404**	11
Withholding tax	**25,183**	58,864
Others jurisdictions	**5,119**	32,547
	253,575	356,831
Under (over) provision in prior years:		
PRC EIT	**9,525**	23,150
Hong Kong Profits Tax	**3,945**	(64,018)
	13,470	(40,868)
Deferred tax:		
Current year	**(4,718)**	(47,355)
Income tax expense	**262,327**	268,608

10. EARNINGS PER SHARE

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

	2024	2023
	RMB'000	*RMB'000*
Profit for the year		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**626,181**	421,278

	2024	2023
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**5,451,417**	5,438,883
Effect of dilutive potential ordinary shares from share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,451,417**	5,438,883

The computation of diluted earnings per share does not assume the exercise of all share options because the adjusted exercise price of those options was higher than the average market price for shares for both years.

11. LOAN RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Loans collateralised by property, plant and equipment *(Note a)*	**376,500**	375,596
Loans collateralised by receivables *(Note b)*	**270,000**	502,300
Small loans *(Note c)*	**4,800**	8,900
	651,300	886,796
Less: Allowance for credit losses	**(242,900)**	(249,019)
	408,400	637,777
Analysed as:		
Current	**273,713**	241,668
Non-current	**134,687**	396,109
	408,400	637,777

11. **LOAN RECEIVABLES —** *Continued*

Notes:

(a) As at 31 December 2024 and 2023, the Group has entered into certain arrangements (the "Arrangements") with the third parties for periods ranging from one to two years under which:

(i) The third parties transferred the ownership titles of their certain assets to the Group and leased back those assets;

(ii) The shareholders of the third parties provided guarantees for the due performance of the obligations of the third parties under the Arrangements; and

(iii) Upon discharging all the obligations by the third parties under the Arrangements, the Group will return the ownership title of the assets to the lessees automatically.

Despite the Arrangements involving a legal form of a lease, the Group accounted for the Arrangements as collateralised loans in accordance with the financial arrangement with IFRS 9 as the transfer does not satisfy the requirement of IFRS 15 as a sale. All interest rates inherent in the Arrangements are fixed at the contract dates over the contract terms.

(b) The loans collateralised by receivables are with fixed interest rates at the contract dates over the contract terms. The interests are receivable periodically based on contractual terms. All principals are receivable upon maturity dates.

(c) Balance represents the small loans provided to small and medium sized enterprises. The interests are receivable periodically according to the contractual terms with fixed interest rate with principal to be collected on maturity dates or by instalments.

The Group periodically carries out inspection on the collateralised assets of the borrowers. During the years ended 31 December 2024 and 2023, the Group did not identify any significant deterioration of the quality of the collateralised assets.

The contractual maturity dates of the Group's fixed-rate loan receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
Within one year	**273,713**	241,668
In more than one year but not more than two years	**134,687**	396,109
	408,400	637,777

The ranges of effective rates on the Group's loan receivables were 8% to 15% (2023: 8% to 15%) per annum as at 31 December 2024.

All of the Group's loan receivables are denominated in RMB.

During the years ended 31 December 2024 and 2023, the Group had agreed to extend the loan maturity date with certain borrowers and the corresponding borrowings had been reclassified and presented as non-current. As at 31 December 2024, carrying amount of loan receivables of RMB277,862,000 (net of allowance of RMB233,438,000) (2023: RMB543,507,000 (net of allowance of RMB243,289,000)) were considered past due despite the extension of repayment due date.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,523,948**	1,333,019
Trade receivables backed by bills	**269,214**	401,636
	1,793,162	1,734,655
Less: Allowance for credit losses	**(229,080)**	(201,578)
	1,564,082	1,533,077
Other receivables *(Note)*	**1,325,078**	1,198,171
Less: Allowance for credit losses	**(32,995)**	(1,190)
	1,292,083	1,196,981
VAT recoverable	**359,043**	276,295
VAT refund receivable	**5,661**	4,680
Prepayments to suppliers	**301,812**	298,927
	3,522,681	3,309,960
Less:		
Non-current portion of other deposits (included in "other receivables" above)	**(134,147)**	(134,637)
	3,388,534	3,175,323

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB1,254,034,000.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — *Continued*

All bills received by the Group are due within 1 year from the issuance date of the bills.

The following is an aged analysis of trade receivables, excluding bills held by the Group, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**524,520**	600,152
91 to 180 days	**330,671**	227,533
181 to 360 days	**491,404**	183,777
361 to 720 days	**154,682**	243,000
Over 720 days	**22,671**	78,557
	1,523,948	1,333,019

As at 31 December 2024, included in trade receivables backed by bills represents total bills received amounting to RMB146,901,000 (2023: RMB126,031,000) are held by the Group, which were further endorsed by the Group. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognise their full carrying amounts and the corresponding trade payables.

The Group allows a credit period of 90 to 180 days to its certain trade customers. Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB779,444,000 (2023: RMB557,825,000) which are past due as at the reporting date. Out of the past due balances, RMB456,356,000 (2023: RMB338,623,000) has been past due longer than 90 days and is not considered as in default taking into account these debtors' high credit ranking attributable under the credit scoring system used by the Group. The Group does not hold any collateral over these balances.

13. BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Bank loans		
— Secured	**4,818,893**	4,164,874
— Unsecured	**2,270,599**	2,187,343
	7,089,492	6,352,217
Carrying amount repayable as follows:		
— within one year	**3,917,111**	3,632,813
— more than one year but not more than two years	**720,022**	560,814
— more than two years but not more than five years	**2,047,295**	1,735,176
— within a period of more than five years	**405,064**	423,414
	7,089,492	6,352,217
Less: Amount due for settlement within one year and shown under current liabilities	**(3,917,111)**	(3,632,813)
Amounts shown under non-current liabilities	**3,172,381**	2,719,404

The analysis of the terms of the bank loans were as follows:

	2024	2023
	RMB'000	*RMB'000*
Fixed rate borrowings:		
— repayable within one year	**3,383,293**	3,466,213
— repayable more than one year but not more than two years	**404,423**	282,014
— repayable more than two years but not more than five years	**1,503,340**	879,685
— repayable within a period of more than five years	**347,064**	345,414
	5,638,120	4,973,326
Variable rate borrowings		
— repayable within one year	**533,818**	166,600
— repayable more than one year but not more than two years	**315,599**	278,800
— repayable more than two years but not more than five years	**543,955**	855,491
— repayable within a period of more than five years	**58,000**	78,000
	1,451,372	1,378,891
	7,089,492	6,352,217

13. BORROWINGS — *Continued*

The ranges of effective interest rates on the Group's bank loans are as follows:

	2024	2023
Effective interest rate per annum:		
Fixed rate borrowings		
— The PRC	**1.07% to 5.40%**	0.70% to 6.48%
— Africa	**6.33% to 22.25%**	7.00% to 17.00%
Variable rate borrowings		
— The PRC	**3.10% to 6.75%**	3.65% to 6.75%
— Africa	**3-month SOFR* +4.2%**	7.00% to 17.00%

* SOFR refers to Secured Overnight Financing Rate

The Group's variable rate borrowings carry interest that reference to SOFR as at 31 December 2024 (reference to loan prime rate in the PRC).

In respect of a bank loan with carrying amount of RMB1,425,856,000 as at 31 December 2024 (2023: RMB1,515,611,000) raised by 堯柏特種水泥集團有限公司 Yaobai Special Cement Group Co., Ltd.* ("Shaanxi Yaobai"), 陝西柏宏歐利塑業有限公司 Shaanxi Baihong Ouli Suye Company Limited* ("Baihong Ouli") and Great Lake Cement, subsidiaries of the Company, these subsidiaries are required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

Shaanxi Yaobai

- the ratio of debts to total assets shall not be more than 0.7:1;
- the ratio of contingent debts to equity shall not be more than 0.5:1; and
- the operating cashflow shall not be negative for two consecutive years.

Baihong Ouli

- the ratio of debts to total assets shall not be more than 0.75:1;
- no addition of contingent liabilities without the permission from the respective bank.

Great Lake Cement

- Debtor Service Cover Ratio ("DSCR") shall not be less than 1.5:1 starting from the 2nd anniversary of the date of the borrowing to the final maturity date (i.e. 11 July 2029).

DSCR means, (1) the aggregate of the earnings before interest, tax, depreciation and amortisation (EBITDA) minus capital expenditure minus charge in working capital and the current cash balance; to (2) the mounts of repayment, interests and any related costs fall due during the period.

The above entities have complied with these covenants throughout the reporting period.

Included in borrowing represents carrying amount of RMB1,988,000,000 (2023: RMB1,430,000,000) jointly guaranteed by either Mr. Zhang Jimin, the executive director or Mr. Zhang Jimin and his spouse.

14. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**2,409,928**	1,966,030
Bill payables	**214,550**	313,000
	2,624,478	2,279,030
Payables for constructions and equipment purchase	**3,902,791**	1,929,682
Other tax liabilities	**127,350**	152,862
Payroll and welfare payable	**85,023**	67,515
Interest payables	**61,111**	41,221
Consideration payable	**–**	24,300
Other payables	**346,671**	254,580
Deposits payables	**63,734**	84,510
Other long-term payable	**290,092**	291,729
	7,501,250	5,125,429

The following is an aged analysis of trade payables (excluding those bills issued by the Group for settlement which are due within six months to one year based on the issuance date) presented based on the date of delivering of goods at the end of the reporting period.

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**996,754**	848,765
91 to 180 days	**384,635**	317,561
181 to 360 days	**519,676**	314,355
361 to 720 days	**394,310**	288,048
Over 720 days	**114,553**	197,301
	2,409,928	1,966,030

15. SENIOR NOTES

On 9 July 2021, the Company issued 4.95%, five-year senior notes with an aggregated principal amount of USD600,000,000 due in 2026 (the "Senior Notes") at 100% of the face value. The effective interest rate was approximately 5.18% per annum after adjusting for transaction costs. The Senior Notes were listed on the SEHK and guaranteed by certain subsidiaries of the Company.

According to the terms and conditions of the Senior Notes, at any time or from time to time prior to 8 July 2024, the Company may at its option redeem the notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The applicable premium is the greater of (1) 1.00% of the principal amount of such note and (2) the excess of (A) the present value at such redemption date of the redemption price of such note at 8 July 2024, plus all required remaining scheduled interest payments due on such note (but excluding accrued and unpaid interest to the redemption date) through 8 July 2024, computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such note on such redemption date.

At any time and from time to time prior to 8 July 2024, the Company may at its option redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 104.95% of the principal amount of the notes, plus accrued and unpaid interest, if any.

On or after 8 July 2024, the Company may on any one or more occasions redeem all or any part of the notes, at the redemption prices of 102.475% (if redeemed prior to 8 July 2025) or 101.238% (if redeemed on or after 8 July 2025), plus accrued and unpaid interest, if any, on the notes redeemed, to (but not including) the applicable date of redemption.

The early redemption options were regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered the fair value of the Company's early redemption options at the initial recognition and at the end of the reporting period was insignificant.

Movement of carrying amount of Senior Notes is as below:

	2024	2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	**4,324,193**	4,204,158
Interest expenses	**224,486**	220,676
Interest paid	**(213,037)**	(210,175)
Exchange adjustment	**134,173**	109,534
Carrying amount at 31 December	**4,469,815**	4,324,193

16. ASSETS PLEDGED FOR SECURITY

The carrying amounts of the assets at the end of each reporting period pledged to secure trade facilities and bank loans are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**2,437,717**	4,726,510
Trade receivables	**2,550**	1,910
Right-of-use assets	**149,125**	179,490
Properties under development	**516,000**	556,903
Pledged bank deposits	**1,380,324**	1,008,676
	4,485,716	6,473,489

17. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 Final Dividend: HK2.5 cents, equivalent to RMB2.3 cents, per ordinary share (2022: HK7.4 cents, equivalent to RMB6.7 cents, per ordinary share)	**125,094**	364,405

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB3.4 cents (equivalent to HK3.4 cents) (2023: RMB2.3 cents (equivalent to HK2.5 cents)) per ordinary share, in an aggregate amount of RMB185,726,000 (2023: RMB125,094,000) per ordinary share have been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group encountered a challenging operating environment in the year ended 31 December 2024. Sales volume in PRC have decreased by 8.7% as compared with that of 2023. For the overseas side, sales volumes in Mozambique and Democratic Republic of the Congo ("D.R. Congo") have increased by 2.0% and 331.1%, respectively, while sales volume in Ethiopia decreased by 0.7%, as compared with the corresponding period of 2023. The Uzbekistan plant have contributed approximately 440,000 tons of cement and clinker sales during the year. The Group's sales volumes of cement and clinker for the year ended 31 December 2024 remained stable, which was 20.0 million tons, representing a 2.4% decrease from 20.5 million tons recorded in 2023.

Due to the declining demand of cement in PRC during the year, average selling prices ("ASPs") in Shaanxi and Xinjiang experienced a downward trend. The Group has continued to implement efficiency enhancements and cost-control measures, and successfully maintaining costs at a relatively stable level throughout 2024. In addition to the greater margins from Mozambique, D.R. Congo and Ethiopia, the Group's overall margins remained stable in 2024.

The Group has maintained healthy cash flows, with EBITDA of RMB2,643.3 million for the year ended 31 December 2024, which is moderately lower than that of RMB2,948.6 million recorded in 2023.

Operating Environment

In 2024, the PRC's economic recovery was relatively slow compared to 2023, primarily due to a weak global economic recovery, high inflation as well as a complex and challenging international environment. The slowdown in infrastructure investment coupled with a deterioration in property investment contributed to a decline in the demand of cement in PRC. On the other hand, in order to control the air pollution and preserve the blue sky, the environmental management of atmospheric pollution and the local environmental control remained stringent. As a result, the effect of various policies such as peak-shifting production halts and mine comprehensive regulations are more favorable to balance the supply and demand of the cement industry.

Both Fixed Asset Investment ("FAI") and Real Estate Development Investment ("RDI") growth rates improved in PRC in 2024. The FAI and the RDI increased by 5.2% (2023: 0.2%) and 0.5% (2023: decreased by 14.8%) in Shaanxi Province during 2024, respectively. However, the improved growth rates of FAI and RDI were insufficient to boost the relatively weak demand for cement products in Shaanxi Province. Nevertheless, intense competition on the supply side remains a key factor affecting the ASPs in Shaanxi Province, which continued to be balanced through the occasional peak-shifting production halts during low season periods under the stringent environmental policy.

As a result of the greater margins contributed from the plants in Africa, the Group was able to maintain overall stable margins in 2024 even though under the abovementioned impact of low ASPs in PRC. Another important factor contributing to the Group's stable margins was the maintenance of costs at a stable level, which resulted from the Group's successful implementation of efficiency enhancement and cost-control measures during the year.

Shaanxi Province

The Group's operations and markets in Southern Shaanxi remained reasonable and stable during 2024. The supply side has been rational, supported by minimal new capacity and effective closure of obsolete and small-scale clinker kiln and cement grinding capacity over recent years, as well as long transportation distances from other regions. The Group has effectively maintained strong market leadership in this area, promoting a disciplined supply side.

During the year, demand in this region has remained reasonable, supported by sustained growth in railway and expressway infrastructure project construction. The G5 Beijing-Kunming (Guanghan Section) Expressway, the Micang Avenue, the Xi'an to Ankang High-Speed Railway and the Ankang to Chongqing High-Speed Railway have been, amongst others, particularly important demand drivers; and the constructions of the Lushi to Luanchuan Expressway, the Cangxi to Bazhong Expressway, the Luonan to Lushi Expressway and the Tuxikou Reservoir have also supported the demand. Rural and urban development in Southern Shaanxi have continued to be important for both cement demand and development in this region.

The demand in Central Shaanxi market has remained weak, especially in the Xi'an Metropolitan market. This low demand scenario was further aggravated by the existing imbalance between supply and demand in the area. Fortunately, through the continuation of occasional peak-shifting production halts during low season periods under the stringent environmental policy and the continuous recovery and expedited infrastructure construction demand as a result of the government's economic stimulating policies, the abovementioned imbalance was mitigated.

During the year, the Group has continued to maintain its market share in Eastern Xi'an, Yaowangshan, Fuping County and the rest of Weinan District where urbanisation remains a key demand driver. The Group has also supplied cement to a number of infrastructure projects, including the constructions of the Yanan-Yulin-Eerduosi High-Speed Railway, the Huaneng Power — Coal Transportation Railway, the Huyi to Zhouzhi to Meixian Expressway, the Provincial Highway 209, the G210 Reconstruction and Expansion (Lintong to East Third Ring Road), the Xi'an Metro/Municipal Projects, the Eastern Xi'an Railway Station, the Dongzhuang Reservoir and the Hanjiang to Weihe River Water Transport Project (Phase II and Phase III). The largest projects, the Xi'an to Yan'an High-Speed Railway and the Xi'an to Shiyan High-Speed Railway, have consumed over 500,000 tons and 840,000 tons of cement in 2024, respectively.

Sales volumes in Shaanxi have decreased by approximately 6.4% to approximately 13.2 million tons in 2024 (2023: 14.1 million tons), accompanied by decreased ASPs. During the year, the Group has recorded a decrease of approximately 9.7% in cement ASPs in Shaanxi to approximately RMB243 per ton (2023: RMB269 per ton) (excluding VAT), with a capacity utilization rate of approximately 61% (2023: 65%).

Xinjiang & Guizhou Provinces

Operations at the Group's plant in Xinjiang have been stable in 2024. Sales volume in Xinjiang has decreased moderately by approximately 10.7% to approximately 1.75 million tons (2023: 1.96 million tons). The Group has recorded a slightly decreased cement ASPs of approximately RMB400 per ton (2023: RMB415 per ton) (excluding VAT), with a capacity utilization rate of approximately 50% (2023: 56%).

In Guizhou, the Group's plant contributed approximately 0.79 million tons of cement to the total sales volume in 2024 as compared to that of 1.05 million tons in 2023, which represented a decrease of approximately 24.8%. During the year, the Group has recorded a stable cement ASPs in Guizhou of approximately RMB397 per ton (2023: RMB369 per ton) (excluding VAT), with a capacity utilization rate of approximately 44% (2023: 58%). The imbalance between demand and supply in Guizhou was even aggravated by the continuation of decreasing demand scenario. The sales volumes at the Huaxi Plant have already been better than other locations in Guizhou due to its location being in close proximity to Guiyang City and the Guiyang — Anshun ("Gui-An") New Area.

Mozambique

The Group built a cement plant in Mozambique, a "window" country in South Africa, in close compliance with the "Belt and Road" development policy of the PRC and to seize the opportunity brought by the "Go Global" policy to maximize the cement production capacity. The Mozambique plant was commissioned in December 2020. Sales volume of cement and clinker in Mozambique in 2024 have increased by 2.0% to 1.52 million tons (2023: 1.49 million tons). The Group has recorded an increased cement ASPs at approximately RMB677 per ton in 2024 (2023: RMB663 per ton) (excluding VAT), with capacity utilization rate of approximately 85% (2023: 84%).

Democratic Republic of the Congo

The Great Lakes plant is a production line with a capacity of 3500-ton clinker and cement per day and approximately 1.50 million tons of cement per year, equipped with limestone mines, coal mines, power stations and wharfs. The Great Lakes plant is located in the city of Kalemie in the eastern region of the Democratic Republic of the Congo ("D.R. Congo"). The Group's cement sales cover Kalemie and neighboring countries and regions such as Rwanda, Burundi and western Tanzania. These market areas are relatively undeveloped and there is no large-scaled cement production line. With Lake Tanganyika as the center, the area where the plant is situated has a large population density and high population growth, which can ensure a certain market demand for cement. In addition to the potential of the civilian market, there are a large amount of unexploited mineral resources in the underneath and surrounding areas of Lake Tanganyika, which, once developed in the future, will directly drive related infrastructure and economic development, generating significant demand for cement. All markets covered can be reached mainly by water transportation from the lake, supported by truck transportation on land. The Great Lakes plant was commissioned in December 2022. During the year, the Group has recorded cement ASPs at approximately RMB987 per ton (2023: RMB1,272 per ton) (excluding VAT) and sales volume of cement and clinkers of 720,000 tons (2023: 167,000 tons), with a capacity utilization rate of approximately 53% (2023: 11%).

Ethiopia

Given the strategic layout in the African market, the Group is optimistic about the long-term development of the Ethiopian market. In 2022, the Group acquired National Cement plant with a capacity of 1.3 million tons of cement per year. The plant was then upgraded and commissioned in November 2022. During the year, the Group has recorded cement ASPs at approximately RMB681 per ton (2023: RMB872 per ton) (excluding VAT) and sales volume of 0.95 million tons (2023: 1.36 million tons), with a capacity utilization rate of approximately 73% (2023: 105%).

With the strong support of the local governments at all levels, the Group has built a new production line with a daily production capacity of 10,000 tons of clinker in Lemi, Amhara State, Ethiopia, following the acquisition of the National Cement plant. The production line was built by the new dry-process pre-decomposition production technology with an annual production capacity of 5 million tons of cement. The market for the Lemi project extends to the regions of Addis Ababa, Amhara and Oromia. The major markets in such regions focus on key projects such as new capital city construction and airport construction, as well as infrastructure such as state-level highway and railway construction. The Lemi project has gained strong support from the government in terms of preferential income tax, priority provision of land and mine resources. The Lemi plant was commissioned in September 2024. During the year, the Group has recorded cement ASPs at approximately RMB525 per ton (2023: Nil) (excluding VAT) and sales volume of 400,000 tons (2023: Nil), with a capacity utilization rate of approximately 40% (2023: Nil).

Uzbekistan

With a relatively stable political situation and a fast-growing economy, Uzbekistan has the largest population in Central Asia, ranking second in terms of total GDP. The government has improved its economic reform and considered economic development as the main objective. A series of policies to improve key areas such as road traffic, communications and social infrastructure have resulted in long-term favorable national demand for cement. Uzbekistan has both oil and gas resources, with 100 million tons of proved reserves of petroleum, 190 million tons of proved reserves of condensate and 3.4 trillion cubic meters of proved reserves of natural gas. The development of oil and gas resources has fostered a great market potential for the special cements required for oil and gas cementing.

Based on the aforementioned belief of the long-term growth of the Uzbekistan market, the Group has built a new production line with a daily production capacity of 6,000 tons of clinker in Andijan region, which produce 2.5 million tons of cement per annum, using the internationally advanced New Generation II dry process cement production line technology. The Andijan plant was commissioned in May 2024. During the year, the Group has recorded cement ASPs at approximately RMB203 per ton (2023: Nil) (excluding VAT) and sales volume of cement and clinkers of 440,000 tons (2023: Nil), with a capacity utilization rate of approximately 18% (2023: Nil).

Energy Conservation, Emissions & Environmental Protection Solutions

The Group continues to work towards the best of industry standards in regards to energy conservation, emission controls and the further development of environmental protection solutions. All of the Group's production facilities employ New Suspension Preheater technology. The plants are situated in close proximity to their respective limestone quarries and, at many of the plants, limestone conveyor belt systems are used in order to minimize emissions from transportation. The Group was also the first cement producer in Shaanxi Province to use desulfurized gypsum and construction waste as raw material inputs to some of its cement products, and regularly recycles fly ash from power plants as well as slag from iron & steel plants as inputs to some of its cement products.

The Group has residual heat recovery systems installed at most of its production facilities. As at 31 December 2024, these systems were operational on 16 out of 21 production lines. These systems reduced the Group's production lines' electricity consumption by approximately 30% and reduced carbon dioxide emissions by approximately 22,000 tons per million tons of cement production.

The Group has already completed the installation of de-nitration equipment at all of the Group's plants in Shaanxi, Xinjiang and Guizhou Provinces. This equipment reduces nitrogen oxide ("NOx") emissions by approximately 60% per ton of clinker produced, ensuring compliance with the new standards outlined in the Cement Industrial Air Pollution Emissions Standards. Modifications of production lines to meet particulate matter ("PM") emission standards have been completed, resulting in all of the Group's plants in China having been upgraded to comply with new PM emission standards as well. Moreover, the Group has effectively reduced the emission of dust through the technical renovation of the kiln-head and kiln-end dust collectors and also further reduced the emission of NO_X and the consumption of ammonia water through the implementation of de-nitration spray guns and automated technological innovation.

The Group's plants that are capable of treating dangerous and hazardous waste currently include (i) the Municipal Waste Treatment Facility at the Group's Fuping Plant with a capacity of 100,000 tons per year, which has been operating since March 2016; (ii) the Solid Waste Treatment Facility at the Group's Mianxian Plant with a capacity of 16,500 tons per year, which has been operating since October 2017; and (iii) the Solid Waste Treatment Facility at the Group's Moyu Plant with a capacity of 80,000 tons per year, which has been operating since August 2022. In 2025, the Group will continue to actively look for new opportunities in setting up cement kilns co-processing solid waste disposal projects in response to the development need of China's recycling economy and relevant specific policies for the industry, as well as taking into account of the specific conditions in the solid waste market of Shaanxi.

During the year, the Group performed certain environmental protection related tasks. Firstly, the Group formulated the Benchmarking Checklist of Environmental Protection Regulations and Standards, carried out in-depth environmental protection inspections and provided environmental protection training to the leaders and cadres of the inspected units in accordance with the inspection conditions. Secondly, the Group's Safety and Environment Department insisted on conducting quarterly inspections of the Group's self-monitoring reports, pollution discharge permit implementation reports and environmental management accounts. Thirdly, each production unit took stock of the amount of hazardous waste disposed of and stored in the previous year, estimated the types and amount of hazardous waste likely to be generated in 2024, and completed the preparation and filing of the annual management plan for hazardous waste. Fourthly, the Group's Safety and Environment Department prepared a reference template for hazardous waste labelling in accordance with the new standards issued by the Ministry of Ecology and Environment, and organised self-checks and study sessions for each unit. Fifthly, the Group verified the oxygen content recorded by online monitoring from its cement production units in Shaanxi Province, to ensure that the online equipment is airtight and the monitoring data is true and valid. Sixthly, the Group's Safety and Environment Department took the lead in organising a group-wide inspection of sewage outfalls, blocking and rectifying sewage outfalls, and regulating the installation of rainwater outfalls.

Moreover, all plants in the PRC were already refurbished as garden like plants in the preliminary stage and the Group will further develop the garden like plants to meet the environmental policy requirements. Green limestone mines projects, including soil reclamation and mine re-greening, have been already commenced construction to comply with the environmental policy. For each major unit in the Group's mines, an annual monitoring plan has been formulated specifically, and monitoring work on areas such as landscape, slope deformation, soil and water pollution, soil quality, reclamation and vegetation has started in accordance with the plan, so that the orderly progress of mine recovery and land reclamation has been ensured. The Group will continue to implement the green mine projects to reduce the pollution to the soil and mines during mining in order to comply with the government policy of "managing while mining" in the future.

Financial leasing business

In 2017, Guangxin International Financial Leasing Co., Ltd ("Guangxin International"), a wholly-owned subsidiary of the Group, was approved by the Ministry of Commerce of the People's Republic of China (the "PRC") as a licensed lessor. In 2017, Guangxin International commenced a new financial leasing business under the support of the national policies of the PRC government, in order to ride on the rapid development opportunities present in the financial leasing industry.

Guangxin International entered into certain financial leasing arrangements under which Guangxin International received ownership titles of certain assets from third parties and then leased those assets back to such third parties. The ownership title of those assets would be returned to the third parties upon discharge of all their obligations under the financial leasing arrangements. Guangxin International also entered into certain entrusted loans and loans collateralised by receivables with third parties with fixed interest rates over the term of the contract. The aforementioned financial leasing arrangements were accounted as loan receivables.

In 2024, the Group recorded loan receivables of approximately RMB408.4 million (2023: RMB637.8 million) arising from the abovementioned financial leasing business and interest income derived from loan receivables amounted to approximately RMB55.2 million for the year ended 31 December 2024 (2023: RMB66.3 million). The Group intends to continue the operations of the financial leasing business, but the Group expects the capital deployed as well as the size of such business will be gradually decreased.

Safety and Social Responsibility

The Group's safety and environmental protection department continuously monitors and reviews safety procedures in accordance with evolving environmental and safety regulations in the PRC. In 2023, the Group has focused its EHS (Environmental, Health & Safety) efforts on revising and improving the safety emergency response plan by employing independent safety experts to strengthen the handling capacity of all employees in emergency accidents. Moreover, several handbooks and guidelines were revised significantly to improve the work safety measures as well as numerous of safety related training courses were initiated to strengthen the staff's safety awareness. In addition, the Group will continue to implement a "Sustainable Safety Development Project", which involved continuous training for both management and on- site employees, on-site inspections and audits, stringent safety reports and on-going suggestions for safety improvements at all of the Group's plants.

During the year, charitable donations made by the Group amounted to approximately RMB6.6 million, including donations made in sponsoring deprived students for college education as well as supporting education, sports and cultural events.

PROSPECTS

In 2025, the central government will adhere to the general principle of "pursuing progress while maintaining stability", strengthen counter-cyclical adjustment, and implement proactive fiscal policies alongside prudent monetary policies. With the accelerated placement of funds such as ultra-long-term special government bonds and special bonds, the demand for cement in ongoing projects under construction is expected to increase. Infrastructure development will continue to be the main driving force for cement demands. With continuous optimization and implementation of supporting policies of "stabilizing the market" and "destocking", and the acceleration of the construction of "three major projects" such as affordable housing, the real estate market will be recovered to a certain extent. However, the situation of the real estate market is difficult to reverse in the short term, and will be in a stage of further adjustment. The State Council issued the 2024–2025 Energy Conservation and Carbon Reduction Action Plan and Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development, which require strengthening the adjustment and control on the production capacity and volume of building materials industry, and promoting the normalization of staggered production. They also strictly restrict access to new projects, push forward green and low-carbon transformation and upgrading of traditional industries, and establish a comprehensive exit mechanism for production capacity. In addition, the central government proposed to strengthen industry self-discipline, prevent "involution" vicious competition, strengthen the survival of the fittest mechanism of the market, and facilitate the exit channels for backward and inefficient production capacity, all of which can help to alleviate the contradiction between supply and demand in the cement market, maintain the industry ecology and promote the healthy development of the industry.

In terms of operation and management, the Group will pay close attention to domestic and international macroeconomic situation and continue to improve the quality and efficiency of its operations under the guidance of national policies. Firstly, the Group will conduct in-depth study and judgement on market supply and demand conditions, implement differentiated marketing strategies, give full play to the Group's advantages in branding, supply guarantee and quality, consolidate and deepen the partnerships with major customers, and continue to step up efforts in market development. Secondly, the Group will adhere to the core principle of "cost reduction in procurement", consolidate and deepen the strategic cooperation with suppliers, increase the proportion of direct supply of raw fuel materials, sum up the experience and promote the use of alternative fuels, so as to further reduce procurement costs. Thirdly, the Group will implement refined management throughout the process, and optimize various economic and technological indicators, continuously enhancing production efficiency and resource utilization rate. Fourthly, the Group will remain steadfast in implementing the strategy of strengthening the Group through talents, improve the incentive and appraisal mechanism, and strengthen the construction of innovative talent teams, generating continuous power for the sustainable development of the Group.

In terms of investment development, the Group will insist on effective investment and continue to consolidate the competitive advantages in the cement and upstream and downstream industries. Firstly, the Group will seize the opportunity to deeply reshape the market structure of the domestic cement industry, and continuously optimize the market layout. Secondly, the Group will strive for steady progress to expand the layout of overseas businesses, explore diversified development models, make great efforts to seek development opportunities, and focus on improving the operation quality of overseas projects. Thirdly, the Group will consolidate and extend the upstream and downstream industrial chains, improve the operation quality and efficiency of aggregate and commodity concrete segments, and create a new engine for efficiency enhancement. Fourthly, the Group will vigorously promote the application of intelligent mining system, cement quality control system, loading and shipping system and logistics platform and other systems. The Group will explore the application of cutting-edge technologies for energy conservation and carbon reduction, so as to empower the Group to carry out energy conservation, emission reduction and consumption reduction transformation.

Operations — Shaanxi

Under the current macroeconomic conditions in the PRC and Shaanxi Province, the Group does not expect to see a significant increase in demand in 2025. Infrastructure demand is expected to grow reasonably and there are a number of major new projects that have commenced or will commence in 2025, but significant growth is not expected. Both urban property demand and rural demand is expected to remain stable with continued urbanization trends supporting rural growth rates.

With regards to the supply side, the Group expects stable prices in 2025, as a result of the limited supply under the increasingly stringent environmental policies imposed by the government.

In Central Shaanxi, the continuation of occasional peak-shifting production halts during low season periods under the stringent environmental policy are expected to remain as an important feature and this can support ASPs. There are a number of infrastructure projects that have recently started or are expected to start construction in 2025, including the constructions of several Central Shaanxi Intercity Railways, the Caotang Industrial Zone Railway (Dedicated Freight Line), several expressways, the Guxian Reservoir and the Fuping pumped storage hydropower station.

In Southern Shaanxi, the Group expects to maintain its relatively stable performance due to reasonable infrastructure construction activities and an already disciplined supply side. There are a number of infrastructure projects in Southern Shaanxi which have recently started or are expected to start construction in 2025, including the constructions of the Lanzhou to Hanzhong to Shiyan High-Speed Railway, the Hanzhong to Bazhong to Nanchong High-Speed Railway, several expressways, the Hengkou Reservoir, the Xingping Reservoir and several pumped storage hydropower stations. The Group expects to see certain demand from a number of infrastructure projects in 2025 and beyond.

Operations — Xinjiang & Guizhou

Operations in Xinjiang and Guizhou are likely to remain subdued in 2025. With the elimination of the use of low grade (32.5) cement since May 2017 in Xinjiang, which led to the closure of inefficient facilities with small production capacity as well as the occasional peak-shifting production halts during low season periods under the stringent environmental policy, the Group can see a more stable market of the cement industry since then. In Southern Xinjiang, where the Group's Moyu Plant is located with 2.0 million tons of capacity, there are a number of on-going infrastructure projects, which are expected to contribute to support the demand in 2025 and beyond. These include the constructions of the second phase of water conservancy project and the expansion of the Yutian airport. Moreover, in Northern Xinjiang, the production volume and ASPs of the 1.5 million-ton Yili Plant remained low. The Group expects to see higher volume sold from the Yili Plant and a stable pricing in 2025 with the support of certain coming infrastructure projects, i.e. the Yining to Aksu Railway, the Yining Airport and the G219 Zhaosu to Wensu Expressway. In Guizhou, sales volume is declining due to the imbalance between demand and supply which is even exacerbated by the continuously decreasing demand scenario and the Group expects that the scenario may continue for a certain period. Moreover, the 1.8 million-ton Huaxi Plant was located close to Guiyang City Centre and the Group expects it can keep benefiting from its location advantage, with a continuation of better volume than other locations in Guizhou in 2025 and beyond.

Operations — Mozambique, D.R. Congo, Ethiopia & Uzbekistan

Since the official launch of sales in Mozambique in 2021, through several years of market operation, channel construction and brand building work, the overall development has continued to be positive. Remote markets and overseas export business are also on track. The overall cement production capacity distribution and basic layout in Mozambique in 2025 are not expected to change significantly, while the civil segment in the southern market has stabilized. 2025 focus will be on the sales of cement and clinker in the central and northern parts of the country and overseas (South Africa, Zimbabwe and Madagascar). The Group expects that the sales volume will increase with stable ASPs.

In D.R. Congo, the Great Lakes plant can export clinker, cement and other products to surrounding countries such as Burundi, Rwanda, and western Tanzania. In the Lake Tanganyika regions, there are currently only one old cement plant and four grinding stations. All regions are actually facing a shortage of clinker and the Group expects that the market demand is strong. The import of clinker in these regions mainly comes from Tanzania, Zambia and other countries and the clinker quantity is unstable. The Group expects that the Great Lakes plant can quickly occupy the market through its stable quality and lower price strategy in 2025.

The current market demand of cement in Ethiopia is strong. The Group can foresee several key projects such as new capital city construction and airport construction, as well as infrastructure such as state-level highway and railway construction in the regions of Addis Ababa, Amhara and Oromia, which in turn will gradually increase the cement demand. The Group expects that both sales volumes and ASPs will increase gradually with these long-term demand increment.

Capacity Development

Mozambique

Given the strategic layout in the African market, the Group is optimistic about the long-term development of the Mozambican market. With the strong support of the local government, the Group is constructing a new production line in Nampula Province, following the acquisition of the plant in Maputo Province, Mozambique. The production line is built by the new dry-process pre-decomposition production technology with an annual production capacity of 1.5 million tons of cement.

There is currently no large-scale cement clinker production line in the provinces of Zambezi, Nampula, Niassa, Sofala and Cabo Delgado in the central and northern Mozambique. The total population of these regions is approximately 13.6 million. The supply of clinkers of the local grinding stations are unstable and cannot meet the local cement demand. This plant can fulfill the supply shortage in these central and northern regions of Mozambique. The supply of this plant can also export to Malawi, the neighbor country of the western Mozambique. Moreover, this plant is the closest cement supply to the Palma natural gas field development area in the northern Mozambique, which can support the demand for high-quality cement during the development of the large-scale natural gas fields in the next five years. Currently, the average selling price of cement in the region is approximately US$140 per ton. The Nampula plant is expected to commence production in the second quarter of 2026.

With the subsequent development of the large natural gas fields in Mozambique, infrastructure construction in the northern regions will be promoted and the demand for cement will continue to grow in the future. Together with the Maputo plant in the southern Mozambique, the Nampula plant can form a regional dominance in the national cement market in Mozambique.

Uganda

With a relatively stable political environment, Uganda is one of the fastest-growing economies in East Africa, with an average GDP of approximately 5-6% in the past ten years. The government promotes industrialization and is planning to build several industrial parks, which providing tax exemptions and infrastructure supporting facilities, to attract oversea enterprises to settle in. With the rapid economic development, infrastructure construction will be promoted and the demand for cement will continue to grow in the future.

Based on the aforementioned belief of the long-term growth of the Uganda market, the Group is constructing a new production line in Moroto Province, northeastern Uganda, with an annual production capacity of 2.5 million tons of cement, using the internationally advanced New Generation II dry process cement production line technology. Limestone is scarce resource in Uganda and this plant secured the sole material limestone resource in the northeastern Uganda. Historically, there is no clinker production line in this region and the cement demand can only be fulfilled by importing from Kenya. The construction of this plant is expected to fulfill the supply shortage in this region. Moreover, as Uganda is a member of the East African Community, this plant can also export cement to western Kenya and South Sudan, the neighbor countries of northeastern Uganda, with regional tariff reductions. Currently, the average selling price of cement in the region is approximately US$170 per ton. The Uganda plant is expected to commence production in the fourth quarter of 2025.

The Group expects to seize the development opportunities through the abovementioned production capacity development, and continuously improve the international market layout to realize the Group's target of high-quality and sustainable development.

Costs Control

The Group will continue to implement a number of cost control measures, which are expected to contribute to a better management of cost of sales as well as selling, general and administrative expenses in 2025. These measures include administrative and head office cost reductions, along with staff incentives designed to promote efficient use of raw materials and resources.

Environment, Health & Safety

Plant upgrades to meet new NOx and PM emission standards as stipulated by the Cement Industrial Air Pollution Emissions Standards law have now been completed at all of the Group's plants and the Group will continue to further reduce emissions through incremental upgrades. The Group plans to further implement measures to strengthen environmental management and monitoring during 2025 and will continue to implement the "Sustainable Safety Development Project". Moreover, the Group will continue to implement the green mine project to all our limestone mines to reduce the pollution to the soil and mines during mining in order to comply with the PRC government policy of "managing while mining" in the future.

In an effort to comply with the PRC government's decision to plan for ecological civilization construction, the Group will sustain its implementation of environmental protection technological modification, increase environmental protection investment, carry out forward-looking development and application of cutting-edge environmental protection technologies, so as to consolidate its comparative advantage. Committed to being innovation-driven, the Group will push forward technology upgrade and modification that meet the requirements for intelligentization, informatization, and environmental protection; it will enhance the development and application of new technologies by accelerating the transformation of research outcome into innovations; it will step up efforts to push forward the construction of smart factories, and to strengthen its core competitiveness.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 7.5% from RMB9,020.9 million for the year ended 31 December 2023 to RMB8,344.9 million for the year ended 31 December 2024. Cement sales volume decreased by 3.0%, from approximately 19.8 million tons to approximately 19.2 million tons during the year. Including clinker sales, total sales volume for the year ended 31 December 2024 amounted to approximately 20.0 million tons, compared to the 20.5 million tons sold in 2023.

Overall cement prices were 6.1% lower than those in 2023, and this has resulted in lower revenue. Cement ASPs for the year ended 31 December 2024 were RMB338 per ton as compared with RMB360 per ton in 2023. The reasons for these fluctuations in ASPs are discussed in the "Operating Environment" section above.

Other than the above increase in cement sales revenue, the revenues arising from the sales of aggregates and commercial concrete decreased by approximately 21.2% and 36.4%, as a result of the decrease in both ASPs and sales volume of aggregates and commercial concrete, to RMB125.3 million (2023: RMB159.0 million) and RMB458.0 million (2023: RMB720.5 million), for the year ended 31 December 2024, respectively.

Cost of Sales

Cost of sales decreased by 2.9% from RMB6,560.9 million for the year ended 31 December 2023 to RMB6,371.2 million for the year ended 31 December 2024.

Coal costs were decreasing in the PRC during the year because the local coal supply become more stable under the guaranteed supply policy implemented by the PRC government. With the decrease in the demand of coal under the slowing down recovery of economic activities, the average cost per ton of coal decreased by approximately 17.0% to approximately RMB729 per ton from approximately RMB878 per ton in 2023. These have resulted in a cost decrease of approximately RMB12.8 per ton of total cement produced. With the effect of the decrease in sales volume, total coal costs decreased by approximately 16.8% as compared with that of 2023.

The average cost of limestone increased to approximately RMB17.7 per ton during the year (2023: RMB16.9 per ton) as a result of the higher costs and quantities of limestone utilised by the overseas plants. Moreover, the average prices of other raw materials were increasing over the year. Even though the cement sales volume decreased by 3.0%, the total raw materials costs increased by approximately 6.1% and the raw materials costs increased by approximately RMB4.3 per ton of total cement produced, as compared with that of 2023.

The average cost of electricity was decreasing during the year as a result of the decrease in electricity price under the decreasing coal costs and the decrease in the demand of electricity under the slowing down recovery of economic activities. The electricity costs decreased by approximately RMB2.5 per ton of total cement produced. With the effect of the decrease in sales volume, total electricity costs decreased by approximately 8.2% as compared with that of 2023.

The total depreciation cost decreased by approximately 6.9% as compared with that of 2023, which was approximately a decrease of RMB2.6 per ton of total cement produced, since there is no more depreciation charged for some fully depreciated assets during the year.

The total staff cost decreased by approximately 10.6% as compared with that of 2023, which was approximately a decrease of RMB1.7 per ton of total cement produced, as a result of the strengthened cost control during the year.

As to other items in the costs balance, the balance mainly represented certain environmental related expenses, i.e. sewage fee, environmental protection fee, charged by the government, and safety fee as well as overhaul expense. Other costs in total decreased by approximately 2.7% as compared with that of 2023, which was approximately a decrease of RMB0.5 per ton of total cement produced, as a result of the strengthened cost control during the year.

Moreover, as mentioned in the revenue analysis above, as a result of the decrease in the sales volumes of aggregates and commercial concrete by 14.1% and 27.2%, respectively, the costs arising from the production of aggregates and commercial concrete also decreased by 6.1% and 31.1% to RMB69.6 million (2023: RMB74.1 million) and RMB428.8 million (2023: RMB622.2 million), during the year, respectively.

Gross Profit and Gross Profit Margin

Gross profit decreased by RMB486.2 million, or 19.8% from RMB2,460.0 million for the year ended 31 December 2023 to RMB1,973.8 million for the year ended 31 December 2024. The decrease in gross profit was mainly due to the decrease in both ASPs and sales volume as described above. Gross profit margins decreased from 27.3% for the year ended 31 December 2023 to 23.7% for the year ended 31 December 2024.

Other Income

Other income mainly comprises VAT refunds, which is a form of government incentive for the recycling of industrial waste as production input, and other government grants. Other income increased by approximately 3.8% from RMB142.7 million for the year ended 31 December 2023 to RMB148.1 million for the year ended 31 December 2024. The increase in other income was mainly due to the increase in the government grant during the year.

Administrative and Selling & Marketing Expenses

Administrative expenses primarily included staff costs, general administrative expenses, depreciation and amortization. The amount decreased by 12.5% from RMB796.4 million for the year ended 31 December 2023 to RMB702.3 million for the year ended 31 December 2024. Selling & marketing expenses increased by 0.5% from RMB132.4 million to RMB131.8 million for the year ended 31 December 2024 as compared with that of 2023. The decrease in administrative and selling and marketing expenses were mainly attributable to the strengthened cost control during the year.

Other Expenses

Other expenses primarily included the donations and legal and professional fees and the provision for administrative penalty. The amount decreased by RMB98.7 million from RMB200.4 million for the year ended 31 December 2023 to RMB101.7 million for the year ended 31 December 2024. The decrease was mainly due to the net effect of increase in the legal and professional fees to RMB95.1 million (2023: RMB52.7 million) as a result of the increase in business development activities, the decrease in provision for administrative penalty made by Shaanxi Administration for Market Regulation for violation of relevant anti-trust law provisions in the central Shaanxi market to RMB5.4 million (2023: RMB119.6 million) and the decrease in donations to RMB6.6 million (2023: RMB21.1 million) during the year.

Other Gains and Losses, net

Other gains increased by RMB460.2 million from losses of RMB277.7 million for the year ended 31 December 2023 to gains of RMB182.5 million for the year ended 31 December 2024. The increase was mainly due to a combination effect of the following factors. Firstly, there were impairment losses recognised in respect of goodwill and other non-current assets of RMB7.6 million (2023: RMB69.6 million) during the year. Secondly, there was a loss on derecognition of a subsidiary of RMB255.7 million for the year ended 31 December 2023. The loss primarily included the impairment loss in respect of inter-group receivables in the amount of approximately RMB265.9 million due from Kangding Paomashan Cement Co., Ltd. (康定跑馬山水泥有限責任公司) ("Paomashan"). Paomashan is in bankruptcy liquidation proceedings, it is estimated that the Group will not be able to recover all receivables due from Paomashan. No such loss was recorded for the year ended 31 December 2024. Thirdly, there was a fair value loss on equity investment at FVTPL of RMB0.9 million (2023: RMB55.5 million). Finally, there was a hyperinflation restatement regarding the subsidiaries in Ethiopia of RMB122.4 million (2023: RMB47.6 million) recorded during the year.

Interest Income

Interest income decreased by RMB19.2 million from RMB88.2 million for the year ended 31 December 2023 to RMB69.0 million for the year ended 31 December 2024. The decrease was mainly due to the effect of the decrease in the interest income arising from the loan receivables business to RMB55.2 million (2023: RMB66.3 million) as a result of the decrease in loan receivables business and the decrease in the interest income arising from the bank deposits to RMB13.9 million (2023: RMB18.8million) as a result of the decrease in the average bank deposit balance along the year.

Finance Costs

Finance costs decreased by RMB13.1 million, or 4.3%, from RMB307.8 million for the year ended 31 December 2023 to RMB294.7 million for the year ended 31 December 2024. The decrease was mainly due to the increase in the capitalized interest for the construction in progress during the year.

Income Tax Expense

Income tax expenses increased by RMB6.3 million, from RMB268.6 million for the year ended 31 December 2023 to RMB262.3 million for the year ended 31 December 2024. Current income tax expense plus over provision decreased by RMB49.0 million to RMB267.0 million (2023: RMB316.0 million), whereas deferred tax credit decreased by RMB42.7 million to RMB4.7 million (2023: RMB47.4 million).

The decrease in deferred tax credit was mainly due to the net effect of the decrease in the deferred tax assets arising from the unused tax losses and the withholding tax on undistributed profits as well as the increase in deferred tax liabilities arising from the hyperinflation adjustment for the subsidiaries in Ethiopia.

The detailed income tax expenses for the Group are outlined in Note 9 to the consolidated financial statements above.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company increased from RMB421.3 million for the year ended 31 December 2023 to RMB626.2 million for the year ended 31 December 2024. This is primarily due to the net effect of the decrease in gross profit, the decrease in other expenses and increase in other gains and losses, net, as mentioned above.

Basic earnings per share increased from RMB7.7 cents for the year ended 31 December 2023 to RMB11.5 cents for the year ended 31 December 2024.

FINANCIAL AND LIQUIDITY POSITION

As at 31 December 2024, the Group's total assets increased by 10.3% to RMB36,289.9 million (2023: RMB32,902.9 million) while total equity decreased by 2.5% to RMB13,816.5 million (2023: RMB14,168.0 million).

As at 31 December 2024, the Group had bank balances and cash as well as restricted/pledged bank deposits, amounting to RMB2,541.4 million (2023: RMB2,120.39 million). After deducting total borrowings and senior notes ("SN") of RMB11,559.3 million (2023: RMB10,676.4 million), the Group had net debt of RMB9,017.9 million (2023: RMB8,556.1 million). 79.5% (2032: 78.3%) of borrowings are at a fixed interest rate. Moreover, the Group also held loan receivables of RMB408.4 million (2023: RMB637.8 million) at fixed interest rates. Please refer to Notes 11, 13, 15, and 16 to the consolidated financial statements above for the details of the loan receivables, bank borrowings, SN and the respective pledge of assets.

As at 31 December 2024, the Group's net gearing ratio, measured as net debt to equity, was 65.3% (2023: 60.4%). Consistent with industry norms, the Group continuously monitors its gearing ratio and manages its capital to optimise the cost of capital and to safeguard the Group's ability to continue as a going concern. As at 31 December 2024, the Group had net current liabilities position of approximately RMB3,560.3 million. As at 31 December 2024, the Group had unused banking facility of approximately RMB1,092.5, which is available for drawdown and utilisation in the course of ordinary business. Subsequent to 31 December 2024, the Group has obtained additional banking facilities of approximately RMB1,450.0 million, which is made available for the Group to utilise at the date of granting such facilities. Moreover, the Group had also been in negotiation with certain financial institutions that have expressed an intention to offer to the Group new banking facilities. The Group has received banking facility proposals and/or letter of intent amounting to RMB4,729.6 million from those financial institutions. Additionally, the Group had reached agreement with several suppliers for deferred payment arrangement and the amount of RMB430.7 million which was originally classified as current liability, was successfully deferred beyond twelve months from 31 December 2024. The Group expects to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future.

During the year, there was no material change in the Group's funding and treasury policy.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure, measured as the additions of property, plant and equipment, right-of-use assets and mining rights, for year ended 31 December 2024 amounted to RMB4,606.6 million (2023: RMB3,986.1 million). Capital commitments as at 31 December 2024 amounted to RMB3,680.9 million (2023: RMB2,668.3 million). Both capital expenditure and capital commitments were mainly related to the maintenance and upgrading of existing production facilities as well as the construction of new production facilities in Mozambique and Uganda. The Group has funded these commitments from operating cash flow and available banking facilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 9,504 (2023: 8,297) full-time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2024, employees benefit expenses were RMB869.1 million (2023: RMB933.1 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, bonuses and other allowances.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no other material acquisitions or disposals during the year ended 31 December 2024.

FOREIGN EXCHANGE RISK MANAGEMENT

During the year ended 31 December 2024, the Group's sales, purchases, loans receivables, restricted/pledged deposit, bank balances and cash and bank borrowings were mainly denominated in Renminbi. Moreover, the Group's other long term payables and senior notes were denominated in United States Dollars as well as several intercompany balances between the subsidiaries were denominated in different functional currencies, i.e. Meticais and Ethiopian Birr. Renminbi, Meticais and Ethiopian Birr are not freely convertible currencies. Future exchange rates of the Renminbi, Meticais and Ethiopian Birr could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government, Mozambique government and Ethiopia government. The exchange rates may also be affected by economic developments and political changes on a domestic and/or international level, and the demand and supply of Renminbi, Meticais and Ethiopian Birr. The appreciation or depreciation of Renminbi, Meticais and Ethiopian Birr against foreign currencies may have an impact on the operating results of the Group. The Group currently does not maintain a foreign currency hedging policy. However, the management team of the Company will continue to monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

CREDIT RISK MANAGEMENT

The Group's credit risk is primarily attributable to its trade receivables and loan receivables. It is the risk of loss arising from a customer's, a lessee's or counterparty's inability to meet its obligations.

The Group has made various efforts to control credit risks. In accordance with the policy of the Group, it will only enter into transactions with recognized and creditworthy customers, lessees and counterparties. In respect of its financial leasing business, it would examine and verify the credit risk of all lessees and counterparties that the Group has financial leasing, factoring, entrusted loan and small loan arrangements with. In respect of its main cement business, it would carry out credit assessment before entering into contracts with its customers and build credit records of its customers, in order to mitigate credit risk and reduce the overdue receivables.

In addition, the Group will also carry out regular reviews on the trade receivables and loan receivables balances and will write off bad debts, if any. The maximum exposure to credit risk arising from its financial leasing business equals to the carrying amount of the loan receivables.

DIVIDEND

At the Board meeting held on 24 March 2025, the Directors proposed to recommend the payment of a final dividend of RMB0.034 per ordinary share for the year ended 31 December 2024.

The final dividend of RMB0.034 per ordinary share is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 23 May 2025 (Friday), and will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on 3 June 2025 (Tuesday).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 23 May 2025 (Friday). A notice convening the annual general meeting will be despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held at 23 May 2025 (Friday), all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 May 2025 (Monday). The register of members of the Company will be closed from 20 May 2025 (Tuesday) to 23 May 2025 (Friday), both days inclusive, during which period no transfer of shares will be registered.

In addition, for the purpose of determining shareholders who qualify for the final dividend, the register of members will be closed from 30 May 2025 (Friday) to 3 June 2025 (Tuesday), both dates inclusive. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 29 May 2025 (Thursday). Subject to shareholders' approval of the proposed final dividend at the annual general meeting to be held on 23 May 2025 (Friday), the final dividend will be paid on or around 31 July 2025 (Thursday) to shareholders whose names appear on the register of members of the Company at the close of business on 3 June 2025 (Tuesday).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure the Group is led by an effective Board in order to optimize returns for the shareholders of the Company.

The Company has applied the principles of and has complied with all applicable code provisions as set out in Part 2 of Appendix C1 of the Listing Rules during the year ended 31 December 2024.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set forth in Appendix C3 of the Listing Rules as its own code of conduct for dealing in securities by the Directors. Specific enquiries have been made with all the Directors and each of them has confirmed and declared that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules and with written terms of reference in compliance with the Corporate Governance Code as set forth in Appendix C1 of the Listing Rules. The primary duties of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit. During the year ended 31 December 2024, the Audit Committee consists of four independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Zhu Dong, Mr. Tam King Ching Kenny and Mr. Feng Tao. Mr. Lee Kong Wai Conway is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORKS OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, 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, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www.westchinacement.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). An annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and will be made available on the abovementioned websites in due course.

By Order of the Board
West China Cement Limited
Zhang Jimin
Chairman

Hong Kong, 24 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Cao Jianshun, Ms. Wang Rui and Mr. Chu Yufeng, the non-executive Directors are Mr. Ma Zhaoyang, Mr. Fan Zhan and Mr. Wang Zhixin, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Zhu Dong, Mr. Tam King Ching, Kenny and Mr. Feng Tao.

* *For identification purposes only*