



西部水泥

中國西部水泥有限公司 WEST CHINA CEMENT LIMITED

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

Stock Code: 2233

2024

ANNUAL REPORT



CONTENTS

2	Corporate Information
3	Financial Highlights
4	Business Overview
9	Milestones
11	Chairman's Statement
17	Management Discussion and Analysis
29	Corporate Governance Report
38	Directors and Senior Management
43	Directors' Report
57	Independent Auditor's Report
62	Consolidated Statement of Profit or Loss and Other Comprehensive Income
63	Consolidated Statement of Financial Position
65	Consolidated Statement of Changes in Equity
67	Consolidated Statement of Cash Flows
69	Notes to the Consolidated Financial Statements
168	Group Financial Summary



Corporate Information

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Yaobai R&D Training Center
No. 336 4th Shenzhou Road
Aerospace Industrial Base
Chang'an District
Xi'an, Shaanxi Province, PRC

REGISTERED OFFICE

13 Castle Street
St Helier
Jersey JE1 1ES
Channel Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3705, 37/F
Tower 6
The Gateway
Harbour City, 9 Canton Road
Tsim Sha Tsui
Hong Kong

COMPANY WEBSITE

www.westchinacement.com

BOARD OF DIRECTORS

Executive Directors

Zhang Jimin (*Chairman*)
Cao Jianshun (*Chief Executive Officer*)
Chu Yufeng (*Chief Financial Officer*)
Wang Fayin (resigned with effect from 16 April 2024)
Wang Rui (appointed with effect from 16 April 2024)

Non-Executive Directors

Ma Zhaoyang
Fan Zhan
Fan Changhong (resigned with effect from 10 January 2024)
Wang Zhixin (appointed with effect from 10 January 2024)

Independent Non-Executive Directors

Lee Kong Wai Conway (designated as the lead independent non-executive Director with effect from 24 March 2025)
Zhu Dong
Tam King Ching Kenny
Feng Tao
Lau Ka Keung (appointed with effect from 24 March 2025)

COMPANY SECRETARY

Chan King Sau *HKICPA*

AUTHORIZED REPRESENTATIVES

Cao Jianshun
Chan King Sau *HKICPA*

MEMBERS OF THE AUDIT COMMITTEE

Lee Kong Wai Conway (*Chairman*)
Zhu Dong
Tam King Ching Kenny
Feng Tao

MEMBERS OF THE REMUNERATION COMMITTEE

Tam King Ching Kenny (*Chairman*)
Zhang Jimin
Zhu Dong
Lee Kong Wai Conway

MEMBERS OF THE NOMINATION COMMITTEE

Zhang Jimin (*Chairman*)
Lee Kong Wai Conway
Tam King Ching Kenny
Wang Rui (appointed with effect from 24 March 2025)

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
35/F One Pacific Place
88 Queensway
Hong Kong

JERSEY PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services
(Channel Islands) Limited
Ordinance House
31 Pier Road
St Helier
Jersey JE4 8PW

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of Xi'an

Financial Highlights

<i>RMB' Million (unless otherwise specified)</i>	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	8,344.9	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)
	31 December 2024	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.

Business Overview

West China Cement Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is one of the leading cement producers in Shaanxi Province, with a leading market position in eastern and southern Shaanxi and a presence in Xinjiang and Guizhou Provinces, Uzbekistan as well as Mozambique, Democratic Republic of the Congo (“D.R. Congo”) and Ethiopia, Africa. As at 31 December 2024, the Group had a total production capacity of 39.3 million tons, comprising 21 cement production lines, with 21.7 million tons in Shaanxi Province, 3.5 million tons in Xinjiang Province, 1.8 million tons in Guizhou Province, 2.5 million tons in Uzbekistan, 2.0 million tons in Mozambique, 1.5 million tons in D.R. Congo and 6.3 million tons in Ethiopia, Africa. Moreover, the Group had total production capacities of 15.0 million tons in aggregates and 12.4 million cubic meters of commercial concrete.

The Group’s cement production is geared towards the economic development of Western China, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa, driven by the Chinese Government’s “Western Development Policy” and the “Silk Road Economic Development Plan”. The Group aims to serve the development needs of Shaanxi, Xinjiang, Guizhou, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa supplying cement products to the infrastructure, urban and rural construction markets. The Group’s cement products are used in a variety of infrastructure projects such as highways, railways, bridges, hydroelectric power stations, water conservancy and water transfer projects. The Group also focuses on serving both the urban and rural development needs of western China, an area which is experiencing rapid urbanisation and population resettlement, accompanied by housing and social infrastructure development.



Business Overview



Business Overview

Xinjiang Province



Guizhou Province



Business Overview

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 Shaanxi Province in 2024. 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.

Energy conservation and emission controls are increasingly important factors in the cement industry and the Group continues to work towards the highest industry standards in these areas. All of the Group's production facilities are NSP lines, mostly situated in close proximity to limestone quarries and the Group uses conveyor belts at many of its plants in order to minimise transportation related emissions. The Group has constructed heat-recycling plants at over 50% of its production capacity, reducing approximately 30% of electricity consumption and decreasing CO₂ emissions by approximately 22,000 tons per year per million tons of production.

All of the Group's plants in China have been installed with denitration (De-NO_x) equipment, reducing nitrous oxide emissions by approximately 60% per ton of clinker produced, as well as Particulate Matter ("PM") reduction equipment. The Group is also involved in hazardous and municipal waste incineration.

Africa



Uzbekistan



Milestones

Year	Event	Year End Cement Capacity (million tons)
2004	The Group's first NSP production facility commenced construction in 2003 at Pucheng. The plant was commissioned in February.	1.4
2006	The Group was listed on the London Stock Exchange AIM market in December, raising GBP22 million.	1.4
2007	The Group's second production facility was constructed at Lantian in Xi'an. The two production lines were commissioned in May and August, respectively.	3.6
2008	The Group successfully completed a USD60 million syndicated loan.	3.6
2009	The Group's Ankang Xunyang production facility commenced operation in January, establishing a core market in southern Shaanxi. The Group's first acquisitions, the Zhen'an and Danfeng Plants in Shangluo region, were completed in August and December.	8.5
2010	The Group's two production lines in Hanzhong, the Yangxian and Mianxian Plants, were commissioned in January and July respectively. The USD60 million syndicated loan was repaid in March. In August, the Group was delisted from the London AIM market and was successfully listed on The Stock Exchange of Hong Kong Limited (the "HKSE"), raising HK\$1.6 billion. The Weinan Pucheng Line 2 was commissioned in September. The Group acquired the Ankang Jianghua Plant in December, completing the establishment of a leadership position in southern Shaanxi.	12.5
2011	The Group successfully issued a USD400 million 5-year senior note at 7.5% p.a. interest rate. The Group established its first production base in Xinjiang through the acquisition of the Hetian Plant in Hotan region in May. The Group also announced the construction of the Yutian Plant in Hotan, Xinjiang. The Group's third plant in Hanzhong region, the Hanzhong Xixiang Plant, was commissioned in May. The Group acquired the Weinan Hancheng Plant in May.	16.2
2012	The Group's Shangluo Danfeng Line 2 Plant was commissioned in April. The Group acquired the Weinan Shifeng Plant and the Weinan Fuping Plant in April and June 2012, an important move in the supply consolidation process in Shaanxi Province and strengthening its presence in the Xi'an Metropolitan market. The Yutian Plant, Hetian, Xinjiang was commissioned in August.	23.7
2013	The Group successfully issued a RMB800 million 3-Year Mid-Term Note at 6.1% p.a. interest rate in March. Most of the proceeds were used to refinance short-term bank borrowings.	23.7
2014	The Group completed phase I of the Lantian Cement Kiln Waste Sludge Treatment Facility in January, the first of such facilities in Shaanxi Province and North West China. This marks an important step in the Group's on-going efforts in environmental protection solutions, and a new revenue stream for the Group. The Group successfully issued a USD400 million 5-year senior note at 6.5% p.a. interest rate to redeem in full the previous senior notes issued in 2011.	23.7
2015	Completion of the construction of the 1.5 million tons Xinjiang Yili Plant and the 1.8 million tons Guizhou Huaxi Plant with full commissioning commencing in the first quarter of 2015. Announcement in June of a subscription by Conch International Holdings (HK) Limited, a wholly owned subsidiary of Conch Cement for new shares in the Group equal to approximately 16.67% of total issued share capital of the Company as enlarged by the subscription shares. The Group acquired the Yaowangshan Cement Plant, with a cement capacity of 2.2 million tons, in October taking Group total current capacity to 29.2 million tons.	29.2

Milestones

Year	Event	Year End Cement Capacity (million tons)
	Subsequently, both Conch Cement and the Company, among others, entered into an acquisition agreement (the "Acquisition Agreement") in November whereby the Group purchases 4 cement plants in Central Shaanxi from Conch Cement totaling 10.4 million tons of cement capacity in consideration of an issue of 3,402,876,000 shares by the Company ("Consideration Shares"). After the issue of the Consideration Shares, Conch Cement will increase their holding in the Group to 57.57%.	
2016	As certain conditions precedent of the Acquisition Agreement were not satisfied or waived before 5:00 pm on 30 June 2016, the long stop date under the Acquisition Agreement, the Acquisition Agreement ceased and was determined.	29.2
	The Group successfully issued the first tranche of the short-term notes with an aggregate principal amount of RMB800 million at the interest rate of 5.5% per annum, and with a term of one year to investors in the national inter-bank market in the PRC on 15 March 2016.	
	Fuping Municipal Waste Treatment Facility was commissioned in March.	
2017	The Group successfully issued the second tranche of the short-term notes with an aggregate principal amount of RMB400 million at the interest rate of 6.98% per annum, and with a term of one year to investors in the national inter-bank market in the PRC on 3 March 2017.	29.2
	Mianxian Solid Waste Treatment Facility was commissioned in October.	
2018	The Group early redeemed USD80 million 5-year senior note in November and December.	29.2
	Four aggregates production lines with capacities of 7 million tons in total were commissioned.	
2019	The Group fully repaid USD400 million 5-year senior note at the maturity date in September.	29.2
	The Group successfully raised a syndicated loan of USD150 million with a term of three years in September.	
	The Group's production capacities of aggregates and commercial concrete increased to 15.0 million tons and 4.55 million cubic meters, respectively.	
2020	The Moyu Plant, Xinjiang was commissioned in December.	33.2
	The Mozambique Plant, Africa was commissioned in December.	
	The Group's production capacity of commercial concrete increased to 9.8 million cubic meters.	
2021	The Tongchuan Plant, Shaanxi was commissioned in June.	29.0
	The Group fully repaid the syndicated loan of USD150 million.	
	The Group successfully issued a USD600 million 5-year senior note at 4.95% p.a. interest rate.	
2022	The Kangding Plant was consolidated in April.	33.3
	The National Cement Plant was commissioned in November	
	The Great Lakes Plant was commissioned in December.	
2023	The Group fully repaid the medium-term notes of RMB700 million in September.	33.3
	The Kangding Plant was derecognised as a subsidiary in September.	31.8
2024	The Andijan Plant was commissioned in May.	39.3
	The Lemi Plant was commissioned in September.	

Chairman's Statement

High quality
development in Africa
will be a major focus in
2025 and beyond

Zhang Jimin
Chairman



Chairman's Statement

On behalf of the board of directors (the "Board") of West China Cement Limited and its subsidiaries, I am pleased to present to our shareholders the annual report (including the audited consolidated financial statements) of the Group for the year ended 31 December 2024.

OVERVIEW

The Group's cement production is geared towards the economic development of Western China, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa, driven by the Chinese Government's "Western Development Policy" and the "Silk Road Economic Development Plan". The Group aims to serve the development needs of Shaanxi, Xinjiang, Guizhou, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa supplying cement products to the infrastructure, urban and rural construction markets.

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 FAI and RDI growth rates improved in Shaanxi Province in 2024. 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.

Energy conservation and emission controls are increasingly important factors in the cement industry and the Group continues to work towards the highest industry standards in these areas. All of the Group's production facilities are NSP lines, mostly situated in close proximity to limestone quarries and the Group uses conveyor belts at many of its plants in order to minimise transportation related emissions. The Group has constructed heat-recycling plants at over 50% of its production capacity, reducing approximately 30% of electricity consumption and decreasing CO₂ emissions by approximately 22,000 tons per year per million tons of production. All of the Group's plants in China have been installed with denitration (De-NO_x) equipment, reducing nitrous oxide emissions by approximately 60% per ton of clinker produced, as well as PM reduction equipment. The Group is also involved in hazardous and municipal waste incineration.

FINANCIAL RESULTS

In 2024, the Group saw a tough operating environment in China. The Group's cement and clinker sales volumes have decreased slightly from 20.5 million tons in 2023 to 20.0 million tons in 2024 and the Group has recorded a 19.8% decrease in gross profit as compared to 2023. However, the Group has still maintained strong cash flows, with stable EBITDA maintaining at approximately RMB2.9 billion and 2.6 billion in 2023 and 2024, respectively. The Group's net gearing ratio has in turn increased from 60.4% in 2023 to 65.3% in 2024, as a result of the increase in borrowings for capacity development during the year. The ratio is still maintained at a low industry level to provide a healthy statement of financial positions in the Group.

DIVIDEND

Having considered the Group's stable net profit for the year ended 31 December 2024, the Board has recommended payment of a final dividend of RMB3.4 cents per ordinary share for this financial year.

Chairman's Statement

OPERATIONS

The Group focuses on strengthening its position in its core markets of Eastern and Southern Shaanxi Province, where it has constructed or acquired well-positioned plants. This has resulted in the Group enjoying a leading market position in Shaanxi Province and benefiting from barriers to entry caused by high transportation costs. The Group has maintained a strong market position in its Southern Shaanxi core markets, where high levels of market share coupled with good infrastructure demand have resulted in continued average selling price ("ASPs") premiums and more stable margins. ASPs in Central Shaanxi have been increasing in recent years even under the continuing low demand scenario through the continuation of occasional peak-shifting production halts during low season periods under the stringent environmental policy. In 2024, Shaanxi Province as a whole has seen improved FAI and RDI growth rates. 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.

Operations at the Group's plant in Xinjiang have been stable in 2024. During the year, sales volume in Xinjiang has decreased moderately. In Guizhou, the Group has recorded a decreased sales volume but a stable cement ASPs. The imbalance between demand and supply in Guizhou was even exacerbated 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.

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. During the year, both sales volume and ASPs in Mozambique have increased.

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 D.R. Congo. Our 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 an increased sales volume and a decreased cement ASPs as a result of the policy of seizing market share in the new market in Rwanda.

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. 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 USD90 per ton and sales volume of 1.35 million tons.

Chairman's Statement

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 and sales volume of cement and clinkers of 440,000 tons.

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. During the year, the overall cement ASPs and margins in PRC were declining. 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.

ENVIRONMENTAL PROTECTION SOLUTIONS & SAFETY

The Group's work in energy conservation, emission controls and environmental protection solutions have continued to be a major focus in 2024. The Group has already completed the installation of de-nitration ("De-NOx") equipment at all of the Group's plants in China. This equipment reduces nitrogen oxide ("NOx") emissions by approximately 60% per ton of clinker produced, bringing NOx emissions to within the new standards stipulated by the Cement Industrial Air Pollution Emissions Standards. Modifications of production lines to meet PM emission standards have been completed, resulting in all of the Group's plants in China having been upgraded to meet 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 NOx and the consumption of ammonia water through the implementation of de-nitration spray guns and automated technological innovation.

During the year, the Group has increased the investment in environmental protection, carried out ultra-low emission remodeling at its environmental treatment facilities, established an early warning platform for pollutants exceeding standards, and strictly controlled the concentration of pollutant emissions, so as to achieve the management goal of limiting its pollutant emissions concentration well below the national emission standard. In addition, the Group also regularly invites external online monitoring experts to conduct system checks on the Company's online monitoring equipment, and conduct comprehensive analyses of the equipment operation principle, monitoring principle and production system operation, so as to switch from equipment troubleshooting to fault prevention, thus reduce the equipment failure rate, improve the accuracy of online monitoring equipment measurements, and ensure that the real-time monitoring and control of pollutants meets the national emission standards. Moreover, all plants in China 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 mine projects, including soil reclamation and mine re-greening, have been already commenced construction to comply with the environmental policy. 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.

Chairman's Statement

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 2024, 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 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.

OUTLOOK

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.

Chairman's Statement

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

On behalf of the Board, I would like to take this opportunity to thank our management, employees, bankers and advisors for their efforts in 2024. I would also like to thank our shareholders for their continuing support of our Group in the past and into the future.

Zhang Jimin

Chairman

24 March 2025

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, 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 FAI and 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.

Management Discussion and Analysis

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%).

Management Discussion and Analysis

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 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 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 NOx and the consumption of ammonia water through the implementation of de-nitration spray guns and automated technological innovation.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

Environment, Health & Safety

Plant upgrades to meet new NO_x 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.

Management Discussion and Analysis

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 3.7% 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 11.8% 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 decreased 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, no provision for administrative penalty made by Shaanxi Administration for Market Regulation for violation of relevant anti-trust law provisions in the central Shaanxi market during the year (2023: RMB119.6 million) and the decrease in donations to RMB6.6 million (2023: RMB21.1 million) during the year.

Management Discussion and Analysis

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 RMB19.1 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 RMB13.2 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 RMB42.6 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: RMB2,120.3 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% (2023: 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 24, 31, 33, and 46 to the consolidated financial statements above for the details of the loan receivables, bank borrowings, SN and the respective pledge of assets.

Management Discussion and Analysis

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 RMB3,560.4 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. Meticaïs and Ethiopian Birr. Renminbi, Meticaïs and Ethiopian Birr are not freely convertible currencies. Future exchange rates of the Renminbi, Meticaïs 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, Meticaïs and Ethiopian Birr. The appreciation or depreciation of Renminbi, Meticaïs 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.

Management Discussion and Analysis

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.

Corporate Governance Report

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.

BOARD OF DIRECTORS

Responsibilities of the Board

The Board is primarily responsible for formulating business strategy, reviewing and monitoring business performance of the Group, and approving financial statements and annual budgets as well as directing and supervising the management of the Company. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear direction. Each of the Directors has full and direct access to the advice and services of the Company Secretary of the Company. The Company provides the Directors with sufficient resources to perform their duties and the Directors may seek independent professional advice at the Company's cost, where it is considered relevant and necessary for the purpose of discharging their duties.

The Company has arranged for appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against its directors and senior management arising out of corporate activities.

Board Composition

The Board has a balanced composition of executive and non-executive Directors to ensure independent viewpoints in all discussions. The Board, as at 31 December 2024, comprised eleven Directors, including four executive Directors, three non-executive Directors and four independent non-executive Directors. Board members are listed below:

Executive Directors

Zhang Jimin (*Chairman*)
Cao Jianshun (*Chief Executive Officer*)
Chu Yufeng (*Chief Financial Officer*)
Wang Fayin (resigned with effect from 16 April 2024)
Wang Rui (appointed with effect from 16 April 2024)

Non-Executive Directors

Ma Zhaoyang
Fan Zhan
Fan Changhong (resigned with effect from 10 January 2024)
Wang Zhixin (appointed with effect from 10 January 2024)

Independent Non-Executive Directors

Lee Kong Wai Conway
Zhu Dong
Tam King Ching Kenny
Feng Tao

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Board's composition satisfies the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, which stipulate that there should be at least three independent non-executive Directors representing at least one-third of the Board, and of whom at least one of the independent non-executive Directors must possess appropriate professional qualifications or accounting or related financial managing expertise.

There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

Biographical information of the Directors is set forth on pages 38 to 42 of this annual report.

Corporate Governance Report

The executive Directors and non-executive Directors have entered into a service contract with the Company for terms of one year and three years, respectively, which may only be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

The Company has entered into a letter of appointment with each of the independent non-executive Directors for a term of one year, and such appointments can only be terminated by either party giving to the other not less than three months prior notice in writing.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that the three independent non-executive Directors that they have met the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent.

To ensure that independent views and input are available to the Board, the Board strictly complies with the Listing Rules, the Code and nomination policy to assess and ensure the independence of the independent non-executive Directors. Each committee of the Board is authorised to engage external legal, financial or other independent professional advisers or other persons to enable it to discharge its duties as it considers necessary. For the year ended 31 December 2024, the aforesaid mechanisms were implemented effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year ended 31 December 2024, the roles and duties of the Chairman and the Chief Executive Officer of the Company were carried out by different individuals and had been clearly defined in writing.

During the year ended 31 December 2024, the Chairman of the Board was Mr. Zhang Jimin and the Chief Executive Officer was Mr. Cao Jianshun. The positions of Chairman and Chief Executive Officer were held by separate persons in order to preserve independence and a balance of views and judgements. With the support of the senior management, the Chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organizational structure, control systems and internal procedures and processes for the Board's approval.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to Article 23 of the Company's articles of association (the "Articles"), the Directors shall have power at any time and from time to time to appoint any person (other than one disqualified or ineligible by law to act as a director of a company) to be a Director either to fill a casual vacancy or as an addition to the existing Directors provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. Any Director so appointed shall hold office until the next following annual general meeting of the Company (the "AGM") and shall then be eligible for re-election at such meeting.

According to Article 24 of the Company's Articles, at every AGM, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. If any Director has at the start of the AGM been in office for three years or more since his/her last appointment or re-appointment, he/she shall retire at that AGM. If the Company does not fill the vacancy at the meeting at which a Director retires by rotation or otherwise, the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the Director is put to the meeting and not passed.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and his/her full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

During the year ended 31 December 2024, there were two in-house seminars conducted covering the topics of directors' duties, corporate governance practices and disclosure requirements under the Listing Rules and the Securities and Futures Ordinance ("SFO").

Corporate Governance Report

Details regarding the trainings attended by the Directors during the year ended 31 December 2024 are as follows:

Directors	External training	In-house training
Executive Directors		
Mr. Zhang Jimin (<i>Chairman</i>)	–	2/2
Mr. Cao Jianshun (<i>Chief Executive Officer</i>)	–	–
Mr. Chu Yufeng (<i>Chief Financial Officer</i>)	–	2/2
Mr. Wang Fayin (resigned with effect from 16 April 2024)	–	0/2
Ms. Wang Rui (appointed with effect from 16 April 2024)	–	2/2
Non-Executive Directors		
Mr. Ma Zhaoyang	–	2/2
Mr. Fan Zhan	–	1/2
Mr. Fan Changhong (resigned with effect from 10 January 2024)	–	0/2
Mr. Wang Zhixin (appointed with effect from 10 January 2024)	–	2/2
Independent Non-Executive Directors		
Mr. Lee Kong Wai Conway	11	2/2
Mr. Zhu Dong	–	2/2
Mr. Tam King Ching Kenny	17	2/2
Mr. Feng Tao	–	2/2

DELEGATION BY THE BOARD

The Board undertakes responsibility for decision making in major Company matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers. The Board also has the full support of the Chief Executive Officer and the senior management for the discharge of its responsibilities.

BOARD MEETINGS AND ATTENDANCES

The Board meets regularly in person or by means of electronic communication. During the year ended 31 December 2024, two Board meetings were held. Directors received at least 14 days' prior notice of regular Board meetings and an agenda. For Board meetings scheduled at short notice, Directors are given as much notice as possible in the circumstances.

The Company Secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. The final version of these minutes are available for inspection by Directors at any time.

The table below sets out the attendance records of each Director at the Board Meetings and the annual general meeting for the year 2024 ("2024 AGM") during the year ended 31 December 2024:

Directors	Number of Board meetings attended	2024 AGM attended
Mr. Zhang Jimin (<i>Chairman</i>)	2/2	1/1
Mr. Cao Jianshun (<i>Chief Executive Officer</i>)	2/2	1/1
Mr. Chu Yufeng (<i>Chief Financial Officer</i>)	2/2	1/1
Mr. Wang Fayin (resigned with effect from 16 April 2024)	1/2	0/1
Ms. Wang Rui (appointed with effect from 16 April 2024)	1/2	1/1
Mr. Ma Zhaoyang	2/2	1/1
Mr. Fan Zhan	2/2	0/1
Mr. Fan Changhong (resigned with effect from 10 January 2024)	0/2	0/1
Mr. Wang Zhixin (appointed with effect from 10 January 2024)	2/2	0/1
Mr. Lee Kong Wai Conway	2/2	1/1
Mr. Zhu Dong	2/2	1/1
Mr. Tam King Ching Kenny	2/2	1/1
Mr. Feng Tao	2/2	0/1

Corporate Governance Report

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. The Audit Committee currently consists of five independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Zhu Dong, Mr. Tam King Ching Kenny, Mr. Feng Tao and Mr. Lau Ka Keung. 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.

The major duties performed by the Audit Committee for the purpose of discharging its responsibilities are as follows:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditors, as well as approving the remuneration and terms of engagement of the external auditors, and any questions regarding resignations and dismissals;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the auditors the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing policy on engagement of an external auditor to supply non-audit services;
- identifying and making recommendations on any matters where action or improvement is needed and reporting to the Board on the same;
- monitoring integrity of the Group's financial statements, annual reports and accounts, interim reports and reviewing significant financial reporting judgements contained in them;
- considering any significant or unusual items that are, or may need to be, reflected in the reports or accounts, and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- reviewing the Group's financial controls, internal control and risk management systems;
- discussing with the management the internal control system and ensuring that management has performed its duty to have an effective internal control system including the adequacy of resources, staff qualifications and experiences, training programs and budget of the Group's accounting and financial reporting function;
- considering any major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- ensuring coordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group;
- reviewing and monitoring the effectiveness of the internal audit function;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditors' management letter, any material queries raised by the auditors to the management about accounting records, financial accounts, or systems of control and management's response;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- acting as key representative body for overseeing the Company's relations with the external auditors;
- reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- reporting to the Board on the matters in the Code;

Corporate Governance Report

- establishing a whistle blowing policy and system for employees and those who deal with the Company to raise concerns, in confidence;
- performing the Company's corporate governance functions, including (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the code and disclosures in the Corporate Governance Report;
- considering any other topics as defined by the Board.

The table below sets out the details of Audit Committee meeting attendance of each Director during the year ended 31 December 2024.

Directors	Number of Audit Committee meetings attended
Mr. Lee Kong Wai Conway	1/1
Mr. Tam King Ching Kenny	1/1
Mr. Zhu Dong	1/1
Mr. Feng Tao	1/1
Mr. Lau Ka Keung (appointed with effect from 24 March 2025)	N/A

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has been established in compliance with paragraph B1 of the Code and currently consists of three independent non-executive Directors, namely Mr. Tam King Ching Kenny, Mr. Lee Kong Wai Conway and Mr. Zhu Dong and one executive Director, namely Mr. Zhang Jimin, with Mr. Tam King Ching Kenny serving as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration packages for the Directors and senior management.

The Company's remuneration policy is to provide remuneration packages, in terms of basic salaries, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The Company's executive Directors, who are also its employees, receive compensation in the form of salaries, bonuses and other allowances. The remuneration of the Directors and senior management are determined by taking into account their individual performance and also the market standards.

The major duties performed by the Remuneration Committee for the purpose of discharging its responsibilities are as follows:

- assessing performance of executive Directors and approving the terms of service contracts of executive Directors;
- reviewing and making recommendations to the Board about the Group's policy and structure for all remuneration of Directors and senior management;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goal and objectives;
- determining, with delegated responsibility, on the remuneration packages of individual executive directors and senior management, and making recommendation to the Board on the remuneration of non-executive directors;
- reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment or relating to dismissal or removal of directors for misconduct; and
- ensuring that no director or any of his associates is involved in deciding his own remuneration.

The table below sets out the details of Remuneration Committee meeting attendance of each Director during the year ended 31 December 2024.

Directors	Number of Remuneration Committee meetings attended
Mr. Zhang Jimin	1/1
Mr. Tam King Ching Kenny	1/1
Mr. Lee Kong Wai Conway	1/1
Mr. Zhu Dong	1/1

Corporate Governance Report

REMUNERATION OF DIRECTORS

The Company has adopted full disclosure of remunerations of Directors with disclosure by name, amount and type in Note 15 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") has been established in compliance with paragraph A.5 of the Code and currently consists of two independent non-executive Directors, namely Mr. Lee Kong Wai Conway and Mr. Tam King Ching Kenny, and two executive Directors, namely Mr. Zhang Jimin and Ms. Wang Rui, with Mr. Zhang Jimin serving as Chairman of the committee.

The primary functions of the Nomination Committee are to make recommendations to the Board regarding the appointment or re-appointment of members of the Board and succession planning for Directors. The Nomination Committee is also responsible for (i) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (ii) assessing the independence of independent non-executive Directors.

The Company recognises and embraces the benefits of diversity of Board members and has adopted a board diversity policy (the "Board Diversity Policy") in August 2013. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

Ms. Wang Rui was appointed as Director with effect from 16 April 2024 and was appointed as a member of the Nomination Committee with effect from 24 March 2025. As at 31 December 2024, our workforce (including senior management) consisted of 8,182 male employees and 1,322 female employees, representing approximately 86.1% and 13.9% of the total workforce, respectively. Further details of gender ratio and labour force, please refer to the Environmental, Social and Governance Report of the Company.

The nomination committee will give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and will review the Board Diversity Policy, so as to develop and review measurable objectives for the implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

No separate meeting of the Nomination Committee was held during the year ended 31 December 2024 and the members of the Nomination Committee discussed (among others) composition of the board in board meeting during the year.

INTERNAL CONTROL

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the risk management and internal control system of the Company including the adequacy of resources, qualifications and experience of the staff of the Company's internal accounting and financial reporting function, their training programmes and budget and the Company's ESG performance and reporting. The Board considers that the risk management and internal control system of the Company is effective and adequate.

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard shareholders' investments and Company's assets and with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The risk management and internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and senior management review and evaluate the control process, monitor any risk factors on a regular basis, and report to the Audit Committee on any findings and measures to address the variances and identified risks.

The Company established a whistleblowing policy and system for employees and those who deal with the Group to raise concerns, in confidence and with anonymity, where desired, about actual or suspected cases of impropriety in any matter related to the Group. For details, please refer to the Environment, Social and Governance Report of the Company.

Corporate Governance Report

The Company also established the Anti-Fraud, Anti-Money Laundering and Anti-Bribery Policy which sets out the Company's policy and systems that promote and support compliance with applicable anti-fraud, antibribery and corruption laws and regulations. For details, please refer to the Environment, Social and Governance Report of the Company.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for making sure that the consolidated financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, results and cash flow of the Group and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors have selected appropriate accounting policies and applied them consistently, made judgement and estimates that are prudent and reasonable, and have prepared the consolidated financial statements on a going concern basis. The Directors also ensure that the consolidated financial statements of the Group are published in a timely manner.

The statement by the external auditor of the Company regarding their reporting responsibilities of the financial statements of the Group is set forth in the Independent Auditor's Report on page 57 of this annual report.

EXTERNAL AUDITORS

Deloitte Touche Tohmatsu was appointed as auditors of the Company. The acknowledgement of their responsibilities on the financial statements is set forth in the Independent Auditor's Report on pages 57 to 61 of this annual report.

The remuneration paid and payable to Deloitte Touche Tohmatsu and its network firms for services rendered in respect of the year ended 31 December 2024 is as follows:

	2024 RMB'000
Audit services	7,079
Non-audit services	2,452
Total	9,531

INVESTOR RELATIONS

The Company's investor relations department (the "IR Department") focuses on providing information and updates to investors and market participants in order to enhance our transparency and corporate governance.

The IR Department comprises two representatives responsible for communication with investors and market participants and is supported by a team of three representatives responsible for database management and maintenance. Databases containing full information on both publicly available information regarding our operating environment and detailed records of contacts with investors and market participants are maintained. The Company also maintains regular investor relations reports to Senior Management.

The Board established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring the Shareholders are provided with timely access to comprehensive, equal and understandable information about the Company.

During the year, the executive Directors and investor relations representatives have participated in two full scale Non Deal Roadshows, covering investors in Asia, Europe and the United States, following the release of our 2023 Annual Results and our 2024 Interim Results. In addition, the Company has participated in a number of major investor conferences as well as other communications with investors and market participants.

The Company maintains its open communication policy and deliver information to Shareholders through various channels. The Company's website (www.westchinacement.com) is maintained with comprehensive information regarding our operations, financial information, announcements, annual and interim reports and shareholder circulars. The Company also has a dedicated Investor Relations email address (ir@westchinacement.com) allowing investors direct communication with our IR representatives.

The Company has reviewed the implementation of the shareholders' communication policy in 2023 and based on the information set out the paragraphs above, considers the shareholders' communication policy effective.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

On 11 April 2024, the Board proposed to amend the then existing articles of association of the Company (the “Existing Articles of Association”) for the purpose of, among others, updating and bringing the Existing Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023 (the “Proposed Amendments”). A special resolution has been passed at the annual general meeting held on 24 May 2024 to adopt a new set of Memorandum and Articles of Association containing the Proposed Amendments in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association. Further details of the new Memorandum and Articles of Association are set out in the circular of the Company dated 22 April 2024.

The latest version of the Memorandum and Articles of Association is also available on the Company’s website and the Stock Exchange’s website.

SHAREHOLDER RIGHTS

Convening an extraordinary general meeting by shareholders

Procedures for shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

- Eligible Shareholders (as defined below) may submit a written requisition (the “Requisition”) to the Directors or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Directors for the transaction of any business specified in the Requisition. For this purpose, “Eligible Shareholder(s)” means any one or more Shareholders holding at the date of deposit of the Requisition not less than five (5) percent of the paid up capital of the Company carrying the right of voting at general meetings of the Company.
- Eligible Shareholders who wish to convene an extraordinary general meeting must deposit the Requisition signed by the Eligible Shareholder(s) concerned at the registered office of the Company at 13 Castle Street, St. Helier, Jersey JE1 1ES, Channel Islands for the attention of the Company Secretary of the Company.

- The Requisition must state clearly the name(s), the contact information of the Eligible Shareholder(s) concerned, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned. The Eligible Shareholder(s) concerned must prove his/her/their shareholding in the Company to the satisfaction of the Company.
- The Company will check the Requisition, and the identity and the shareholding of the Shareholder will be verified with the Share Registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to consider convening an extraordinary general meeting within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an extraordinary general meeting.
- If within 21 days from the date of deposit of the Requisition the Directors fails to proceed to convene such extraordinary general meeting within 2 months of such date, the Eligible Shareholders(s) concerned, or any of them representing more than one half of the voting rights of all of them, may themselves call for an extraordinary general meeting in accordance with the relevant provisions of the Companies (Jersey) Law 1991 and the memorandum and articles of association of the Company, but such extraordinary general meeting so called shall not be held after 3 months from that date, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the board shall be reimbursed by the Company to the Eligible Shareholder(s) concerned.
- At any extraordinary general meeting called pursuant to the Requisition, unless such meeting is called by the Directors, no business other than that stated in the Requisition as the objects of the meeting shall be transacted.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to ir@westchinacement.com.

Corporate Governance Report

DIVIDEND POLICY

1. Introduction

The Dividend Policy (the "Policy") was approved and adopted on 18 March 2019 pursuant to a resolution passed on the same day by the board of directors of the Company.

2. Purpose

The Policy is to ensure that the Board maintains an appropriate procedure of declaring and recommending the dividend payment of the Company. Accordingly, the policy aims to allow shareholders of the Company (the "Shareholders") to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

3. Considerations

3.1 The declaration and recommendation of dividends is subject to the decision of the Board after considering the Company's ability to pay dividends, which will depend upon, among other things:

- the actual and expected financial results of the Group;
- cashflow of the Group;
- financial conditions of the Group;
- Shareholders' interests;
- general business conditions and strategies;
- the current and future operations of the Group;
- future business plans of the Group;
- liquidity and capital requirements of the Group;
- taxation considerations;
- amount of distributable profits;
- contractual restrictions;

- statutory and regulatory restrictions under Singapore laws, any applicable laws, rules and regulations (the "Laws") and the Company's articles of association (the "Articles"); and
- any other factors the Board may deem relevant.

3.2 The Board has complete discretion on whether to recommend and/or pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, the Laws and the Articles, and other factors of and affecting the Group.

4. Review

- 4.1 This Policy reflects the Company's views on the financial and cash-flow position of the Group prevailing at the time of its adoption and shall in no way constitute a legally binding commitment by the Company of its future dividend.
- 4.2 The Board shall review and reassess the Policy and its effectiveness in its sole and absolute discretion on a regular basis or as required.

5. Reporting

- 5.1 The Company shall disclose the decision on whether or not to declare, recommend or pay any dividend, including the rate and amount of the dividend and the expected payment date immediately after the decision from the Board and in its financial statements in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- 5.2 The Company shall disclose the dividend policy in its Corporate Governance Report incorporated in the annual report as required under Appendix 14 to the Listing Rules.

Directors and Senior Management

DIRECTORS

At the date of this report, the Company has four executive Directors, three non-executive Directors and five independent non-executive Directors. Their biographical details are set out below:

Executive Directors

Mr. Zhang Jimin — Chairman

Mr. Zhang, aged 70, the founder of the Group, is currently the Chairman and executive Director of the Company. He is responsible mainly for the Group's overall strategic planning and investment decisions. Mr. Zhang is also a director of a number of the Group's subsidiaries including West China BVI, Shaanxi Yaobai, Lantian Yaobai, Ankang Yaobai, Xiushan Yaobai, Xian Yaobai and Longqiao Yaobai.

Mr. Zhang has more than 28 years of experience in the cement industry. He was the factory manager of the Shaanxi Province Pucheng County Hanjing Town Second Cement Factory (one of the predecessors of our production facility in Pucheng) from 1985 to December 1990 and the manager of the Pucheng County Hanjing Town Cement Factory (another predecessor of our production facility in Pucheng) thereafter. These two small cement facilities represent the origins of West China Cement, demonstrating the growth of the Group under the management of Mr. Zhang.

Mr. Zhang has actively participated in various cement technology development projects and from 1992 to 1994, he led the development of low heat slag cement and moderate-heat Portland cement, winning the Second Grade Science and Technology Progress Prize issued by the Government of Shaanxi Province.

Mr. Zhang also holds several industry associations and political positions. He is the Chairman of the Shaanxi Province Cement Association, an industry association jointly established by The Raw Materials Division of The Industry and Information Technology Department of Shaanxi Province and various cement production enterprises in Shaanxi, holding this position since December 2009. As the Chairman of the Shaanxi Province Cement Association, Mr. Zhang promotes information exchange between cement enterprises in Shaanxi, leading the association to formulate a self-regulatory

regime, maintaining fair market competition, providing technology and human resources and assisting the Shaanxi Government in regulating the cement industry in Shaanxi Province. Mr. Zhang was also a Xi'an City representative of the 11th Standing Committee of the Shaanxi Provincial People's Congress and participated in the plenary sessions of the 11th Standing Committee of the Shaanxi Provincial People's Congress for discussion and approval of various matters in relation to the political and economical development of Shaanxi Province. Mr. Zhang was also the Vice President of the China Cement Association.

Through these social positions, Mr. Zhang is able to maintain close contact with industry partners and local government so as to keep abreast of the latest development of the cement industry and government policies. Mr. Zhang received professional training in economic management from Peking University in July 2001.

Mr. Cao Jianshun — Chief Executive Officer

Mr. Cao, aged 52, was appointed as an executive Director and chief executive officer on 2 February 2023. Mr. Cao graduated with a bachelor's degree in economics management from Party School of Shaanxi Provincial Committee of the C.P.C (中共陝西省委黨校) and a master's degree in business administration from Northwest University in China. Mr. Cao has extensive management and technical experience in the building materials industry in China. He joined Yaobai Special Cement Group Co., Ltd. (the "Yaobai Group"), a wholly-owned subsidiary of the Company, in March 1994 and has held various key positions successively, including (i) director of Cement Machinery Factory of Yaobai Group from January 1997 to August 2005; (ii) director of No. 1 Cement Factory of Pucheng Yaobai Special Cement Co., Ltd. (蒲城堯柏特種水泥有限公司) (the "Pucheng Yaobai") from August 2005 to June 2008; (iii) manager of Ankang Yaobai Cement Co., Ltd. (安康市堯柏水泥有限公司) from June 2008 to December 2012; and (iv) general manager in the Ankang Region of Yaobai Group from January 2013 to December 2015. Besides, Mr. Cao served as general manager of Chzhungtsai Mohir Cement LLC (中材國際莫伊爾水泥有限責任公司) from January 2016 to December 2018 and vice president of International Cement Investment Management Company (國際水泥投資管理公司) from January 2019 to January 2023. He has been the chairman and president of Yaobai Group since January 2023. With extensive experience in the building materials industry, Mr. Cao won the "Shaanxi Provincial Building Materials Industry Advanced Individual" award.

Directors and Senior Management

Mr. Chu Yufeng — Chief Financial Officer

Mr. Chu, aged 47, was appointed as an executive Director on 2 February 2023. Mr. Chu graduated with a bachelor's degree in international accounting from Xi'an JiaoTong University in June 1999 and a master's degree in business administration from an international business program jointly organised by Maastricht School of Management of Netherlands and Independent University of Bangladesh in June 2005. Mr. Chu has extensive experience in financial management. He joined the Group in July 2012 and has held various key positions successively, including (i) deputy director of finance department of Yaobai Group from July 2012 to July 2013; (ii) supervisor of internal audit department of Yaobai Group from August 2013 to July 2014; (iii) director of finance department of Yaobai Group from August 2014 to December 2016; (iv) general manager of finance department of Yaobai Group from January 2017 to December 2019; (v) chairman of Xi'an Guangxin Microfinance Co., Ltd. (西安光信小額貸款有限公司) from January 2019 to December 2021; and (vi) vice president of Yaobai Group from January 2020 to December 2021. He has been the chief financial officer of the Company and the vice president of West Holding since January 2020 and January 2022, respectively. Prior to joining the Group, Mr. Chu served as accountant of Shaanxi Import and Export Corporation (陝西省進出口公司) from October 1999 to July 2002; chief financial officer of Sino-Bangladesh Ceramic Industry Co., Ltd. (中孟陶瓷工業有限公司) from November 2002 to October 2007; finance manager of Cooper Xi'an Fusegear Limited Company (庫柏西安熔斷器有限公司) from November 2007 to August 2008; finance manager of Xi'an Branch of IBM China Investment Co., Ltd (國際商業機器(中國)投資有限公司) from September 2008 to October 2010; and deputy finance director of Fuping Branch of Italcementi Group (義大利水泥集團) from October 2010 to June 2012. Mr. Chu is a member of the Association of Chartered Certified Accountants.

Ms. Wang Rui — Deputy General Manager and Party Secretary (Yaobai Group)

Ms. Wang, aged 46, was appointed as executive Director of the Company on 16 April 2024. She is the deputy general manager and Party secretary of the general branch of Yaobai Special Cement Group Co., Ltd. (the "Yaobai Group"), a wholly-owned subsidiary of the Company. She has held the position since January 2023 and is primarily responsible for overseeing the market management, procurement, logistics, and other operations of the Yaobai Group. Ms. Wang obtained a master's degree in business administration from the University of Management and Technology in June 2018. She joined the Group in December 1998 and held several positions, including: (i) manager of general administration of Pucheng Yaobai Special Cement Co., Ltd (蒲城堯柏特種水泥公司) from December 1998 to December 2006; (ii) assistant general manager of Xi'an Lantian Yaobai Cement Co., Ltd. (西安藍田堯柏水泥有限公司) from January 2007 to August 2008; (iii) assistant general manager of Xi'an Yaobai Material Co., Ltd. (西安市堯柏物資有限公司) (the "Yaobai Material") from January 2007 to August 2008; (iv) chief administration officer of Yaobai Group from July 2009 to June 2010; (v) deputy general manager of sales department of Yaobai Group from July 2010 to September 2010; (vi) general manager of Yaobai Material from October 2010 to January 2015; (vii) vice president of Yaobai Group from January 2018 to December 2019; and (viii) the chief executive officer of the Yaobai Group from January 2020 to December 2022. She has won several rewards, such as being recognized as a Highlevel Talent in Xi'an (西安市高層次人才), Outstanding Communist Party Member of the Ministry of Industry and Information of Shaanxi Province (陝西省工信廳中共優秀共產黨員), and Outstanding Entrepreneur of National Building Material Industry (全國建材行業優秀企業家).

Non-executive Directors

Mr. Ma Zhaoyang

Mr. Ma, aged 56, was appointed as a non-executive Director of the Company on 29 July 2010. Mr. Ma received a master's degree in management from Northwestern Polytechnic University in May 1998. Mr. Ma has been a professor of management at Northwestern Polytechnic University in Shaanxi, China since 1996. In view of his academic knowledge and extensive experience in strategic planning, Mr. Ma was appointed a non-executive Director of the Company and assumes an advisory role with the Company in respect of the overall strategic planning and operation of its business. Mr. Ma has been the chairman and director of International Cement Group Ltd., a company listed on the main board of the Singapore Exchange since November 2015.

Directors and Senior Management

Mr. Fan Zhan

Mr. Fan, aged 39, was appointed as a non-executive Director of the Company on 7 June 2023, and he is a senior accountant. Mr. Fan graduated from Tongling University (銅陵學院) in accounting in July 2006. Mr. Fan has extensive experience in finance and investment management. He is currently a deputy head of financial department in Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (the "Conch Cement") and an executive director of China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 0587). Prior to that, he served as an accountant and the financial head of Anhui Tongling Conch Cement Co., Ltd. (安徽銅陵海螺水泥有限公司) from July 2006 to March 2007 and from March 2007 to March 2008, respectively. From March 2008 to October 2017, Mr. Fan held various positions at Conch Cement, including (i) an accountant from March 2008 to December 2009; (ii) the head of the financial department from December 2009 to March 2011; and (iii) the assistant to department director from March 2011 to October 2017.

Mr. Wang Zhixin

Mr. Wang, aged 51, was appointed as a non-executive Director of the Company on 10 January 2024. Mr. Wang has obtained legal advice on 10 January 2024, prior to his appointment becoming effective, as referred to in Listing Rules 3.09D. He has confirmed his understanding of his obligations as a director of the Company. Mr. Wang graduated with a bachelor's degree in inorganic non-metallic materials from Wuhan University of Technology (武漢理工大學) in June 2014. Mr. Wang has extensive experience in cement production management and external communication. From June 2004 to July 2014, he held various key positions at Anhui Huaining Conch Cement Co., Ltd. (安徽懷寧海螺水泥有限公司), including (i) assistant to the factory director of the manufacturing branch from June 2004 to January 2006; (ii) deputy factory director of the manufacturing branch from February 2006 to March 2008; (iii) factory director of the manufacturing branch from March 2008 to June 2009; (iv) assistant to general manager from June 2009 to February 2011; and (v) deputy general manager from February 2011 to July 2014. From July 2014 to August 2020, Mr. Wang held two positions in Baoji Zhongxi Jinlinghe Cement Co., Ltd. (寶雞市眾喜金陵河水泥有限公司), including (i) executive deputy general manager from July 2014 to December 2015; and (ii) general manager from December 2015 to August 2020. From August 2020 to April 2023, Mr. Wang served as deputy director of the Shaanxi-Gansu Regional Committee of Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (the "Conch Cement"), general manager of Pingliang Conch Cement Co., Ltd. (平涼海螺水泥有限責任公司) and Secretary of the Party Committee and general manager of Hami Hongyi Building Materials Co., Ltd. (哈密弘毅建材有限責任公司). Mr. Wang has been the executive president of Shaanxi-Gansu Region of Conch Cement since October 2021.

Independent non-executive Directors

Mr. Lee Kong Wai Conway

Mr. Lee, aged 70, was appointed as an independent non-executive Director of the Company on 29 July 2010. Mr. Lee serves as Chairman of the audit committee of the Company, member of the remuneration committee of the Company, and also member of the nomination committee of the Company. He is mainly responsible for reviewing and advising the financial reporting process, audit process, internal control and risk management systems of the Group and providing independent advice to the Board on various financial and corporate governance matters.

Mr. Lee received a bachelor's degree in arts from Kingston University (formerly known as Kingston Polytechnic) in London in July 1980 and further obtained his postgraduate diploma in business from Curtin University of Technology in Australia in February 1988. Mr. Lee served as a partner of Ernst & Young over the past 29 years and held key leadership positions in the development of such firm in China. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Registered Accountants. Mr. Lee currently also serves as an independent non-executive director of Chaowei Power Holdings Limited, China Modern Dairy Holdings Limited, NVC Lighting Holding Limited, Yashili International Holdings Limited and Guotai Junan Securities Limited, companies listed on the main board of the HKSE and Intchains Group Limited, a company listed on the NASDAQ, since July 2010, November 2010, November 2012, November 2013 and April 2017 and March 2023, respectively. He was also an independent non-executive director of China Taiping Insurance Holdings Company Limited, Merry Garden Holdings Limited, Citic Securities Company Limited, Tibet Water Resources Ltd., China Rundong Auto Group Limited, WH Group Limited and Gome Electrical Appliances Holding Limited, companies which are listed on the main board of the HKSE, from October 2009 to August 2013, from July 2014 to September 2015, from November 2011 to May 2016, from March 2011 to February 2020, from August 2014 to December 2020, from August 2014 to June 2022 and from March 2011 to September 2023, respectively, and Sino Vanadium Inc., which was listed on TSX Venture Exchange in Canada, between October 2009 and December 2011. Mr. Lee was appointed as a member of the Chinese People's Political Consultative Conference of Hunan Province in China from 2007 to December 2017.

Directors and Senior Management

Mr. Zhu Dong

Mr. Zhu, aged 63, was appointed as an independent non-executive Director of the Company on 15 July 2019. Mr. Zhu graduated in 1982 from Guangxi University with a bachelor degree in mechanical engineering and he finished a program of Master of Business Administration held by Tsinghua University in 1996. Mr. Zhu has approximately 30 years of experience in capital markets and corporate financing involving securities origination, underwriting and placing of equities and equity-linked products, mergers and acquisitions, corporate restructuring and reorganizations and other general corporate advisory activities. From August 1982 to November 1992, Mr. Zhu worked at various departments in the PRC government. He served as a senior manager at the Peregrine Investment Group from May 1994 to May 1998. He was the managing director at the BMP Paribas Capital (Asia Pacific) Limited from May 1998 to July 2011. From September 2011 to May 2016, he was the managing director of Nomura International (Hong Kong) Limited. Mr. Zhu is currently an independent non-executive director of HPC Holdings Limited, a company listed on the Stock Exchange.

Mr. Tam King Ching Kenny

Mr. Tam, aged 75, was appointed as an independent non-executive Director of the Company on 29 July 2010. Mr. Tam serves as chairman of remuneration committee of the Company and also the members of the audit committee and nomination committee of the Company. He is mainly responsible for overseeing the policy and structure of the remuneration for Directors and senior management of the Company. He is also responsible for monitoring the Company's performance in achieving agreed corporate goals and objectives, and taking the lead where potential conflicts of interest arise.

Mr. Tam received a bachelor's degree in commerce from the Concordia University in November 1975. He is a practising Certified Public Accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Chartered Professional Accountants of Ontario, Canada. Mr. Tam was a past member of the Restructuring and Insolvency Faculty Executive Committee in the Hong Kong Institute of Certified Public Accountants. He was also a past president of The Society of Chinese Accountants and Auditors. Mr. Tam has also served as an independent non-executive director of five other listed companies on the main board of the HKSE, namely, Capital Industrial Financial Services Group Limited and Starlite Holdings Limited, since February 1996 and July 2004, respectively. He was also an independent non-executive director of CCT Fortis Holdings Limited, Greater Bay Area Investments Group Holdings Limited, Hong Kong Shanghai Alliance Holdings Limited, Kingmaker Footwear Holdings Limited, BeijingWest Industries International Limited and Wisdom Education International Holdings Company Limited, from December 1999 to June 2022, from February 2016 to September 2022, from September 2004 to August 2023, from May 1994 to August 2024, from January 2014 to July 2024 and from January 2017 to May 2024, respectively.

Directors and Senior Management

Mr. Feng Tao

Mr. Feng, aged 68, was appointed as an independent non-executive Director of the Company on 28 February 2023. Mr. Feng graduated with a bachelor's degree in geophysics from Chang'an University (長安大學) (formerly known as Xi'an Institute of Technology 西安工程學院) in June 1982 and a doctorate degree in economics from Xi'an Jiaotong University (西安交通大學) (formerly known as Shaanxi Institute of Finance & Economics 陝西財經學院) in June 1997.

Mr. Feng has extensive teaching and research experience in the field of economics. He worked at Shaanxi Institute of Finance & Economic (陝西財經學院) and held various key positions between July 1986 to July 2000, including (i) head of teaching-research department from December 1986 to June 1990; (ii) deputy head of economics department from September 1990 to June 1992; (iii) head of economics department from September 1992 to July 2000; (iv) associate professor from October 1992 to June 1997; and (v) professor from June 1997 to July 2000. In 2000, Xi'an Jiaotong University (西安交通大學), Xi'an Medical University (西安醫科大學) and Shaanxi Institute of Finance and Economics (陝西財經學院) merged and established the School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院). Mr. Feng worked at the School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院) and held various key positions successively from July 2000 to March 2022, including (i) deputy dean from July 2000 to June 2004; and (ii) doctoral supervisor in the field of international economics and investment from September 2000 to March 2022. Mr. Feng retired from the School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院) in March 2022. Currently Mr. Feng is a member of fiscal and finance team of Shaanxi Provincial Government Decision-making Consultation Committee and the team leader of fiscal and finance team of Xi'an City Decision-Making Consultation Committee.

In recent years, Mr. Feng has presided over various projects of the National Social Science Fund of China (國家社會科學基金), key projects of the Ministry of Education, and other provincial and ministerial-level projects. Besides, he has published eight monographs and textbooks, and published more than 120 papers in journals such as Economics Quarterly, The Economist, and Financial Research.

Mr. Lau Ka Keung

Mr. Lau Ka Keung (樓家強), *BBS, MH, JP*, aged 49, received his bachelor's degree in information technology from Manchester Metropolitan University, the United Kingdom in July 1997 and obtained his master's degree in business administration from University of Leicester, the United Kingdom in July 2008.

Mr. Lau possesses more than 20 years of experience in business management. From August 2015 to April 2018, he served as a non-executive director at Nameson Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 1982). Since August 2016, Mr. Lau has been serving as an executive director and the chief executive officer of Million Cities Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2892). In addition, he has been serving as independent non-executive director of two other companies listed on the Main Board of the Stock Exchange, namely OrbusNeich Medical Group Holdings Limited (stock code: 6929) since September 2021 and Tianjin Development Holdings Limited (stock code: 882) since March 2023.

In public service, Mr. Lau is currently a delegate of the Hong Kong Special Administrative Region to the 14th National People's Congress of the People's Republic of China (中華人民共和國香港特別行政區第十四屆全國人民代表大會), a member of the 13th National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十三屆全國委員會), the Chairman of the 28th Hong Kong United Youth Association (香港青年聯會) and the Vice Chairman of Joint Committee for the Promotion of the Basic Law of Hong Kong (香港基本法推介聯席會議).

SENIOR MANAGEMENT

West China Cement Limited

Mr. Chan King Sau — Financial Controller and Company Secretary

Mr. Chan, aged 47, joined the Company on 1 June 2010. Mr. Chan was an assistant financial controller of the Company before being appointed as chief financial officer of the Company. He was also appointed as the company secretary of the Company in June 2012. In January 2020, Mr. Chan was designated as the financial controller of the Company. From September 2000 to August 2008, Mr. Chan worked for Ernst & Young, in a range of positions including staff accountant, senior accountant and manager. From September 2008 to October 2009, Mr. Chan worked for Nineyou International Limited, an online game operator as chief financial officer and company secretary. He graduated from University of Hong Kong with a bachelor's degree in finance in November 2000. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

Directors' Report

The Directors are pleased to present the annual report of the Company, including the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group's principal business activities are the manufacture and sales of cement and cement products. The activities of the principal subsidiaries are set out on pages 154 to 164 of this annual report. In addition to the principal cement business, one of the subsidiaries of the Company, Guangxin International, was approved by the Ministry of Commerce of the PRC as a licenced lessor and commenced financial leasing business.

BUSINESS REVIEW

The business review of the Group as at 31 December 2024 is set out under the section headed "Management Discussion and Analysis" of this annual report on pages 17 to 28.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has formulated some policies in accordance with environmental regulations, including, conducting environmental impact assessment for various types of materials or machines prior to making any purchasing decision; enhancing awareness of environmental protection among all employees by organizing environmental protection activities, training programmes and promotions. Top management of the Group plays a leading role in establishing a well-defined structure and system for environmental management by outlining corresponding responsibility, scope and policy.

The Group continues to work towards the best of industry standards in regards to energy conservation, emission controls and further development of environmental protection solutions. All of the Group's production facilities employ New Suspension Preheater ("NSP") 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 has also been the first cement producer in Shaanxi Province to use desulfurized gypsum and construction waste as raw material inputs into some of its cement products, and regularly recycles fly ash from power plants as well as slag from iron & steel plants as inputs into 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 at 16 out of 21 production lines. These systems reduce the Group's production lines' electricity consumption by approximately 30% and reduce Carbon dioxide ("CO₂") emissions by approximately 22,000 tons per million tons of cement production.

The Group completed the installation of De-nitration ("De-NO_x") equipment at all of the Group's plants in Shaanxi, Xinjiang and Guizhou Provinces. This equipment reduces nitrous oxide ("NO_x") emissions by approximately 60% per ton of clinker produced, bringing NO_x emissions to within the new standards stipulated by the Cement Industrial Air Pollution Emissions Standards. Modifications of production lines to meet PM emission standards have been completed, resulting in all of the Group's plants having been upgraded to meet 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 in five plants. During the year, eighteen plants were already re-greened as garden like plants in the preliminary stage and the Group will further develop the garden like plants to meet the environmental policy requirements. Moreover, green limestone mine projects, including soil reclamation and mine re-greening, already commenced construction to comply with the environmental policy. 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.

Directors' Report

MAIN RISKS AND UNCERTAINTIES

The main activities of the Group include production and sales of cement. It is exposed to a variety of risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of the above main risks and measures for risk reduction are set out in the section headed "Management Discussion and Analysis" and Note 47 of the consolidated financial statements below.

During the year under review, the Group's business and profitability growth were affected by the fluctuations and uncertainties of macroeconomic situations of China. Discrepancies of the monetary policies among major developed economies are expected to cause uncertainties in the PRC economy, which could materially and adversely affect the building and infrastructure industry in China and in turn, the demand of cement. The long-term business and profitability growth of the Group are expected to be impacted by variables of the Chinese macro-economy continuously (including but not limited to credit demand, FAI and total output value growth) and qualitative factors (such as the development of political and economic policies of various countries in the world).

RELATIONSHIPS WITH MAJOR STAKEHOLDERS

The Group's success also relies on the support of major stakeholders including employees, customers, suppliers, regulators and shareholders.

Employees

Employees are considered to be the most important and valuable assets of the Group. The purpose of human resources management of the Group is to reward and praise the staff with excellent performances through the provision of generous remuneration package, the implementation of the comprehensive performance evaluation plan and the share option scheme. In addition, the Group also formulates an appropriate training plan based on various positions and duties and titles and provides certain opportunities and platforms to assist its employees to develop and get promoted within the Group.

Customers

The major customers of the Group are railway construction companies, real estate developers and concrete manufacturers etc. The Group is committed to provide its customers with quality products and services so as to strive for sustained growth in respect of revenue and profitability. The Group has adopted various means to strengthen communication with its customers to provide excellent and quality products and services so as to increase market penetration.

Suppliers

Maintaining good relationships with the suppliers is essential to the Group in respect of the supply chain and when facing business challenges and regulatory requirements. It can achieve cost efficiency and promote long term commercial benefits. Major suppliers include raw material suppliers, system and equipment suppliers, external consultants providing professional services, suppliers of office supplies or commodities and other business partners providing the Group with value added services.

Regulators

As a company listed in Hong Kong, the Company is subject to the regulations of the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange. Moreover, various PRC government authorities, including the Ministry of Land and Resources, the State Environmental Protection Administration, the General Administration of Quality Supervision Inspection and Quarantine, the Ministry of Commerce of the PRC, the Ministry of Construction of the PRC and other relevant regulators, have the authority to issue and implement regulations governing various aspects of cement production. The Group expects to constantly update and ensure compliance with new rules and regulations issued by these regulators.

During the year ended 31 December 2024, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

Directors' Report

Shareholders

One of the corporate objectives of the Group is to enhance the corporate value for its shareholders. The Group distributes dividends to its shareholders in order to reward them for their support while boosting its business development to achieve sustainable profit growth and taking into account the capital adequacy level, liquidity and its business expansion needs.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 62 of this annual report.

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 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).

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

Directors' Report

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set forth in the movements in reserves on page 167 and the consolidated statement of changes in equity on page 65, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves, including the share premium account, available for distribution, calculated in accordance with the Companies (Jersey) Law 1991 as amended (the "Law"), amounted to approximately RMB5,910.1 million.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2024 amounted to RMB6.6 million (2023: RMB21.1 million).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group, during the year ended 31 December 2024 are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital and share options of the Company during the year under review are set forth in Notes 38 and 43 to the consolidated financial statements, respectively.

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 (including sale of treasury shares). The Company did not hold any treasury shares as of 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Articles and the laws of Jersey, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme", as at the end of and during the year ended 31 December 2024, the Company did not enter into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, in so far as the Companies (Jersey) Law 1991 allows, the Directors shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been a Director.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, total sales attributable to the largest customer of the Group was approximately 3.2% of total sales of the Group and total sales attributable to the top five customers of the Group were approximately 12.8% of total sales of the Group.

For the financial year ended 31 December 2024, total purchase attributable to the largest supplier accounted for approximately 8.6% of the total purchase of the Group and total purchases attributable to the top five suppliers of the Group were approximately 23.4% of total purchases of the Group.

At no time during the year did any Director, their close associates, or any shareholder of the Company who owns more than 5% of the number of issued Shares of the Company have an interest in any of the Group's five largest suppliers or customers.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors

Mr. Zhang Jimin (*Chairman*)

Mr. Cao Jianshun (*Chief Executive Officer*)

Mr. Chu Yufeng (*Chief Financial Officer*)

Mr. Wang Fayin (resigned with effect from 16 April 2024)

Ms. Wang Rui (appointed with effect from 16 April 2024)

Non-Executive Directors

Mr. Ma Zhaoyang

Mr. Fan Zhan

Mr. Fan Changhong (resigned with effect from 10 January 2024)

Mr. Wang Zhixin (appointed with effect from 10 January 2024)

Independent Non-Executive Directors

Mr. Lee Kong Wai Conway (designated as the lead independent non-executive Director with effect from 24 March 2025)

Mr. Zhu Dong

Mr. Tam King Ching Kenny

Mr. Feng Tao

Mr. Lau Ka Keung (appointed with effect from 24 March 2025)

According to Article 23 of the Articles, any Director so appointed shall hold office until the next Annual General Meeting of the Company and shall then be eligible for re-election at such meeting. A circular containing the explanatory statement on repurchase by the Company of its shares, the biographical details of the director candidates and the notice of Annual General Meeting will be sent to shareholders of the Company.

None of the Directors nor the senior management of the Company has any financial, business, family or other material/relevant relationships with one another.

DIRECTORS' AND SENIOR MANagements BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set forth on pages 38 to 42 of this annual report.

Directors' Report

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS OF THE COMPANY

Details of the emoluments of the Directors and the five highest paid individuals of the Company during the year ended 31 December 2024 are set in Note 15 and Note 16 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contribution to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident fund legislation, subject to a cap of HKD1,500 per month.

Particular of the Group's retirement benefit schemes for its employees in Mainland China are set out in Note 44 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance in relation to the Group's business, to which the Company, its holding company, its controlling shareholder, fellow subsidiaries or subsidiaries was a party and in which a Director or entity connected with a Director had a material interest, whether directly or indirectly, and subsisted at the end of the financial year under review or at any time during the year under review.

DIRECTORS' SERVICE CONTRACTS

The executive Directors and non-executive Directors have entered into a service contract with the Company for terms of one year and three years, respectively, which may only be terminated in accordance with the provisions of the service contract by either party giving to the other not less than three months' prior notice in writing.

The Company has entered into an appointment letter with each of the independent non-executive Directors for a term of one year, and appointment of which will only be terminated by either party giving to the other not less than three months prior notice in writing.

No Director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

MANAGEMENT CONTRACTS

Except for service contracts entered into with the Directors or any person engaged in full-time employment of the Company, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has given an annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guideline set forth in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the "Directors' and Chief Executive's Interests and Short Positions" and the "Share Option Scheme" below, at no time during the year ended 31 December 2024 was the Company, or any of its holding company or subsidiaries, a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

CONNECTED TRANSACTION

The related party transactions set out in Note 45 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under chapter 14A of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(1) Interests in shares of the Company

Name of Directors	Capacities	Number of ordinary shares held as at 31 December 2024 Total	Approximate % of issued share capital of the Company as at 31 December 2024
		(Note 1)	
Zhang Jimin	Beneficial owner	6,175,000 (L)	0.11%
Zhang Jimin	Interest in a controlled corporation	1,756,469,900 (L) (Note 2)	32.15%
Ma Zhaoyang	Interest in a controlled corporation	221,587,950 (L) (Note 3)	4.06%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) These shares are held by Asia Gain Investments Limited ("Asia Gain") which is beneficially and wholly-owned by Zhang Jimin.
- (3) These shares are held by Techno Faith Investments Limited and Red Day Limited which are beneficially and wholly-owned by Ma Zhaoyang.
- (4) Calculated based on 5,462,532,820 issued shares of the Company as at 31 December 2024.

Directors' Report

(2) Interests in underlying shares of the Company - equity derivatives of the Company

Name of Directors	Capacity	Number of underlying shares in respect of the share options granted under the Post-IPO Share Option Scheme	Approximate % of issued share capital of the Company as at 31 December 2024
Chu Yufeng	Beneficial owner	2,000,000	0.04%
Wang Rui	Beneficial owner	1,200,000	0.02%

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the HKSE pursuant to the Model Code.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2024, the Directors were not aware of any business or interest of the Directors or any controlling shareholder of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interest which any such person had or might have with the Group.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2024, the persons other than a Director or chief executive of the Company who had an interest or short position in 5% or more of the issued share capital of the Company as recorded in the register required to be kept under section 336 of SFO were as follows:

Name of shareholders	Capacities	As at 31 December 2024	
		Number of ordinary shares of held (Note 1)	Approximate % of issued share capital of the Company (Note 4)
Asia Gain (Note 2)	Beneficial owner	1,756,469,900 (L)	32.15%
Conch International Holdings (HK) Limited ("Conch") (Note 3)	Beneficial owner	1,584,849,970 (L)	29.01%
Anhui Conch Cement Co., Ltd. ("Anhui Conch") (Note 3)	Interest in a controlled corporation	1,584,849,970 (L)	29.01%
安徽海螺集團有限責任公司 (Note 3)	Interest in a controlled corporation	1,584,849,970 (L)	29.01%
China Conch Venture Holdings Limited ("China Conch") (Note 3)	Interest in a controlled corporation	1,584,849,970 (L)	29.01%
蕪湖海創實業有限責任公司 (Note 3)	Interest in a controlled corporation	1,584,849,970 (L)	29.01%

Notes:

- (1) The letter "L" denotes the person's long position in such securities, the letter "S" denotes the person's short position in such securities and the letter "P" denotes the person's interest in such securities held in the lending pool of an approved lending agent.
- (2) Asia Gain is beneficially and wholly-owned by Zhang Jimin.
- (3) Conch is beneficially and wholly-owned by Anhui Conch, which is owned as to 36.40% by 安徽海螺集團有限責任公司. 安徽海螺集團有限責任公司 is owned as to 49.00% by 蕪湖海創實業有限責任公司, which is indirectly controlled by China Conch.
- (4) Calculated based on 5,462,532,820 issued shares of the Company as at 31 December 2024.

Save as disclosed above, the Company has not been notified by any person who had interests or short position in the shares or underlying shares of the Company as at 31 December 2024 which were required to be notified to the Company pursuant to part XV of the Securities and Futures Ordinance or which are recorded in the register required to be kept by the Company under the section 336 of the Securities and Futures Ordinance.

Directors' Report

ENFORCEMENT OF THE DEED OF NON-COMPETITION

Each of Mr. Zhang Jimin, Asia Gain, Ms. Zhang Lili and Central Glory Holdings Limited has undertaken to the Company, subject to the exceptions mentioned in the Company's prospectus dated 10 August 2010 (the "Prospectus") that each of them will not engage in any cement production business and details of such deed of non-competition dated 29 July 2010 are set out in the Prospectus.

The Company has received from each of Mr. Zhang Jimin, Asia Gain, Ms. Zhang Lili and Central Glory Holdings Limited an annual confirmation that it/he/she has complied with its/his/her obligations under the deed of non-competition during the year ended 31 December 2024.

Furthermore, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries subsisted at the end of the financial year under review or was made during the year under review.

SHARE OPTION SCHEME

The Company has adopted a post-IPO share option scheme (the "Post-IPO Share Option Scheme") on 31 March 2010 and it has ended on 30 March 2020. Outstanding share options granted under the post-IPO Share Option Scheme remain valid in accordance with its terms.

The following is a summary of the principal terms of the Post-IPO Share Option Scheme:

1. Purpose of the Post-IPO Share Option Scheme:

The Post-IPO Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Post-IPO Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Post-IPO Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

Directors' Report

3. Total number of shares available for issue under the Post-IPO Share Option Scheme and percentage of issued share capital as at 23 August 2010 and as at the date of this annual report:

The maximum number of shares which maybe issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme shall not in aggregate exceed 411,553,185 shares (representing 10% of the issued share capital of the Company (excluding treasury shares) as at 23 August 2010).

As the Post-IPO Share Option Scheme expired on 30 March 2020, except for 37,850,000 shares which may be issued upon exercise of the outstanding options granted under the Post-IPO Share Option Scheme, (representing about 0.70% of the issued share capital of the Company (excluding treasury shares) as at the date of this annual report), no further shares were available for issue as at the date of this annual report.

4. Maximum entitlement of each participant under the Post-IPO Share Option Scheme:

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue (excluding treasury shares) as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the shares must be exercised under the Post-IPO Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Post-IPO Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised:

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:

Options granted must be taken up within 21 days of the date of offer, upon payment of HKD1 per grant.

8. The basis of determining the exercise price:

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the HKSE daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the HKSE daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary share.

Directors' Report

9. The remaining life of the Post-IPO Share Option scheme:

The Post-IPO Share Option Scheme had a life of 10 years from the date of its adoption and it has ended on 30 March 2020. Outstanding share options granted under the scheme remain valid in accordance with its terms.

Movements of the share options granted under the Post-IPO Share Option Scheme

During the year ended 31 December 2024:

					Number of ordinary shares subject to share options granted under the Post-IPO Share Option Scheme					
Category and name of participant	Date of grant of share options <i>(Note)</i>	Vesting period	Exercise price (HKD)	Exercise period	Outstanding as at 1 January 2024	Granted during the year ended 31 December 2024	Exercised during the year ended 31 December 2024	Lapsed during the year ended 31 December 2024	Cancelled during the year ended 31 December 2024	Outstanding as at 31 December 2024
Directors										
Zhang Jimin	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	2,775,000	–	2,775,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	3,400,000	–	3,400,000	–	–	–
Ma Zhaoyang	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	750,000	–	750,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	700,000	–	700,000	–	–	–
Lee Kong Wai Conway	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	250,000	–	250,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	700,000	–	700,000	–	–	–
Tam King Ching Kenny	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	750,000	–	750,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	700,000	–	700,000	–	–	–
Cao Jianshun	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	1,200,000	–	1,200,000	–	–	–
Wang Fayin (Note 3)	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	1,200,000	–	1,200,000	–	–	–
Chu Yufeng	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	325,000	–	325,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	2,000,000	–	–	–	–	2,000,000
Wang Rui (Note 4)	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	1,650,000	–	1,650,000	–	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	1,200,000	–	–	–	–	1,200,000
Other employees	24 March 2014	24 March 2014 to 23 March 2015	0.91	24 March 2015 to 23 March 2024	12,250,000	–	6,550,000	5,700,000	–	–
	13 April 2015	13 April 2015 to 12 April 2016	1.45	13 April 2016 to 12 April 2025	8,000,000	–	2,700,000	–	1,600,000	3,700,000
Total					37,850,000	–	23,650,000	–	7,300,000	6,900,000

Directors' Report

Notes:

1. The closing prices of the shares of the Company on 22 March 2011, 21 March 2013, 21 March 2014 and 10 April 2015, being the dates immediately before the dates on which the share options were granted, were HK\$3.32, HK\$1.25, HK\$0.91 and HK\$1.37 per share, respectively.
2. The vesting of Share Options granted under the Share Option Scheme on each of 23 March 2011, 22 March 2013, 24 March 2014 and 13 April 2015 is conditional upon the achievement of certain performance targets as set out in the respective offer letters, including among others, achievement of strategic goals and financial and operational performance targets, during the vesting period and the exercise period of the Share Options.

Subject to the abovementioned vesting or performance conditions, the Share Options with respect to a grantee will be exercisable in the following manner:

- (i) 25% of the Share Options will be exercisable at any time on and after the end of the first anniversary (or the end of the third anniversary for some of the other employees of the Group) of the grant of the Share Options;
- (ii) up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraph (i) above will be exercisable at any time commencing from the end of the second anniversary (or the end of the fourth anniversary for some of the other employees of the Group) of the grant of the Share Options;
- (iii) up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraphs (i) and (ii) above will be exercisable at any time commencing from the end of the third anniversary (or the end of the fifth anniversary for some of the other employees of the Group) of the grant of the Share Options; and
- (iv) up to 25% of the Share Options and any Share Options that have not been exercised as referred in paragraphs (i) to (iii) above will be exercisable at any time commencing from the end of the fourth anniversary (or the end of the sixth anniversary for some of the other employees of the Group) of the grant of the Share Options.

No Share Options will be exercisable after the expiry of its term.

3. Mr. Wang Fayin resigned as an executive Director with effect from 16 April 2024.
4. Ms. Wang Rui appointed as an executive Director with effect from 16 April 2024.
5. Given the Post-IPO Share Option Scheme expired on 30 March 2020, there is no option available for grant under the scheme throughout the year ended 31 December 2024.
6. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the reporting period was HK\$1.33.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2024 and as at the date of this annual report.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 27 January 2025, WIH Cement Developing Co., Limited (the "WIH Cement"), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement with Heidelberg Materials AG (the "HM AG"), the four indirect wholly-owned subsidiaries of HM AG (the "HM Sellers") and the Company, pursuant to which WIH Cement conditionally agreed to acquire, and the HM Sellers have conditionally agreed to sell, 1,574,904 shares of Cimenterie de Lukala SA (the "CILU") (representing 91.02% of its issued share capital) for a consideration of USD3,700,069 (equivalent to approximately HKD28,860,538), subject to customary closing adjustments.

On the same day, WIH Cement entered into the Intra-Group Transfer Agreement with the Company, HM AG and Scancem International DA (the "Scancem International"), pursuant to which HM AG and Scancem International, conditionally agreed to assign the CILU's outstanding liabilities under certain agreements to WIH Cement, for a consideration of USD115,950,000 (equivalent to approximately HKD904,410,000), subject to agreed closing adjustments.

Since certain of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions exceed 5% but all of the applicable ratios are less than 25% for the Company, the transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

For further details, please refer to the announcement of the Company dated 27 January 2025.

AUDITORS

Deloitte Touche Tohmatsu will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

Zhang Jimin

Chairman

24 March 2025

Independent Auditor's Report

Deloitte.

德勤

TO THE SHAREHOLDERS OF WEST CHINA CEMENT LIMITED

(incorporated in Jersey with limited liability)

OPINION

We have audited the consolidated financial statements of West China Cement Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standard Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Independent Auditor's Report

Key audit matter

How our audit addressed the key audit matter

Impairment assessments of cash-generating units ("CGUs") with goodwill and CGUs without goodwill

As disclosed in Note 21 to the consolidated financial statements, the total carrying amount of goodwill and property, plant and equipment, right-of-use assets and mining rights which belong to CGUs that are subject to impairment assessment as at 31 December 2024 were RMB6,000,673,000 (before impairment). The Group recognised impairment loss approximately RMB122,209,000 in respect of the impairment assessments for the current year.

CGUs where goodwill is not allocated are tested for impairment when there is an indication for impairment, while CGUs with goodwill allocated are tested for impairment annually or more frequently when there is an indication for impairment. As further detailed in Note 4 to the consolidated financial statements, the Group exercised judgement and made estimation, particularly in assessing: (1) whether the carrying amount of CGUs can be supported by the recoverable amounts; and (2) the appropriate key inputs to be applied in estimating the recoverable amounts included in the cash flow projections, including growth rates and discount rates.

We identified the impairment assessments of CGUs where goodwill is allocated and CGUs where goodwill is not allocated with impairment indicator(s) as a key audit matter as the financial significance of these assets to the Group, as well as the recoverable amount calculations involves significant management estimations with respect to the key assumptions adopted in the underlying cash flow forecasts of the CGUs.

Our procedures in relation to the impairment assessment of CGUs with goodwill and CGUs without goodwill included:

- Understanding the management's consideration and process for the identification of impairment indicator(s) of the CGUs;
- Obtaining an understanding of the Group's key controls on how the management assesses the impairment of CGUs which the relevant property, plant and equipment, right-of-use assets and mining rights belong to, and/or the goodwill is allocated to, and how the management prepares the cash flow forecasts, including the key assumptions and inputs;
- Obtaining the cash flow forecasts of relevant CGUs prepared by the management, and selecting cash flow forecasts on a sampling basis.

For the cashflow forecasts selected:

- obtaining an understanding on the assumptions pertaining to key inputs adopted and checking the mathematical accuracy;
- Assessing the reasonableness of the growth rates applied based on historical results and market trends, and;
- With the support of our internal specialist, evaluating the appropriateness of the impairment model used and the reasonableness of discount rates adopted by the Group.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan, Benjie Pak Kin.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 March 2025

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	5	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	6	148,065	142,719
Selling and marketing expenses		(131,782)	(132,386)
Administrative expenses		(702,267)	(796,404)
Other expenses	11	(101,700)	(200,429)
Other gains and losses, net	7	182,484	(277,668)
Impairment losses under expected credit loss model, net of reversal	8	(54,903)	(18,489)
Share of result of a joint venture		—	(3,403)
Share of result of an associate	22	2,137	—
Interest income	9	69,046	88,189
Finance costs	10	(294,683)	(307,839)
Profit before tax	11	1,090,182	954,309
Income tax expense	12	(262,327)	(268,608)
Profit for the year		827,855	685,701
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	14		
— Basic (RMB)		0.115	0.077
— Diluted (RMB)		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	17	23,183,932	20,809,466
Investment properties		94,358	47,059
Right-of-use assets	18	758,758	833,809
Mining rights	19	1,734,848	1,728,434
Other intangible assets	20	358,579	430,705
Interest in an associate	22	10,137	8,000
Equity investment at fair value through profit or loss ("FVTPL")	23	36,217	37,128
Loan receivables	24	134,687	396,109
Deferred tax assets	25	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	28	134,147	134,637
Pledged/restricted bank deposits	30	107,801	70,000
		27,057,597	25,092,784
Current assets			
Inventories	26	1,860,157	1,398,662
Properties under development	27	1,276,265	944,082
Trade and other receivables and prepayments	28	3,388,534	3,175,323
Loan receivables	24	273,713	241,668
Pledged/restricted bank deposits	30	1,276,519	1,127,669
Cash and cash equivalents	30	1,157,136	922,662
		9,232,324	7,810,066
Current liabilities			
Borrowings	31	3,917,111	3,632,813
Trade and other payables	32	7,501,250	5,125,429
Dividend payables		60,370	129,415
Contract liabilities	34	1,249,554	721,709
Deferred income	36	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

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings	31	3,172,381	2,719,404
Asset retirement obligation	35	390,795	358,178
Deferred tax liabilities	25	511,040	409,578
Deferred income	36	15,437	20,804
Senior notes	33	4,469,815	4,324,193
Other long-term payables	37	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	38	142,261	141,837
Share premium and reserves	39	12,125,916	12,141,608
		12,268,177	12,283,445
Equity attributable to owners of the Company		1,548,308	1,884,505
Non-controlling interests			
Total equity		13,816,485	14,167,950

The consolidated financial statements on pages 62 to 167 were approved and authorised for issue by the Board of Directors on 24 March 2025 and are signed on its behalf by:

Zhang Jimin
DIRECTOR

Cao Jianshun
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Equity reserve	Translation reserve	Share option reserve	Statutory reserve	Retained earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note 39)			(Note 39)			
At 1 January 2023	141,837	1,354,026	(250,227)	27,641	22,724	1,681,321	9,054,031	12,031,353	13,391,751
Profit for the year	-	-	-	-	-	-	421,278	421,278	685,701
Exchange differences on translation of foreign operations	-	-	-	(51,577)	-	-	-	(51,577)	(61,369)
Profit and total comprehensive (expense) income for the year	-	-	-	(51,577)	-	-	421,278	369,701	624,332
Exercise/lapse of share-based payments	-	-	-	-	(4,743)	-	4,743	-	-
Transfer to statutory reserve	-	-	-	-	-	130,313	(130,313)	-	-
Appropriation of maintenance and production funds (Note a)	-	-	-	-	-	99,956	(99,956)	-	-
Utilisation of maintenance and production funds (Note a)	-	-	-	-	-	(30,409)	30,409	-	-
Purchase of shares of non-controlling interests (Note b)	-	-	(89,910)	-	-	-	-	19,810	(70,100)
Dividends recognised as distribution (Note 13)	-	(364,405)	-	-	-	-	-	(72,094)	(436,499)
Capital refund to non-controlling shareholders	-	-	-	-	-	-	-	(10,064)	(10,064)
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	166	166
Establishments of subsidiaries	-	-	-	-	-	-	-	24,964	24,964
Derecognition of a subsidiary (Note 41)	-	-	-	-	-	-	-	14,158	14,158
Hyperinflation restatement	-	-	336,706	-	-	-	-	292,536	629,242
At 31 December 2023	141,837	989,621	(3,431)	(23,936)	17,981	1,881,181	9,280,192	12,283,445	14,167,950
Profit for the year	-	-	-	-	-	-	626,181	626,181	827,855
Exchange differences on translation of foreign operations	-	-	-	(701,351)	-	-	-	(701,351)	(1,147,913)
Profit and total comprehensive (expense) income for the year	-	-	-	(701,351)	-	-	626,181	(75,170)	(320,058)
Exercise/lapse of share-based payments	424	32,047	-	-	(14,922)	-	6,311	23,860	23,860
Transfer to statutory reserve	-	-	-	-	-	102,030	(102,030)	-	-
Appropriation of maintenance and production funds (Note a)	-	-	-	-	-	76,290	(76,290)	-	-
Utilisation of maintenance and production funds (Note a)	-	-	-	-	-	(26,174)	26,174	-	-
Dividends recognised as distribution (Note 13)	-	(125,094)	-	-	-	-	-	(113,204)	(238,298)
Capital injection by non-controlling shareholders	-	-	-	-	-	-	-	34	34
Derecognition of a subsidiary	-	-	-	-	-	(1,381)	1,381	-	-
Hyperinflation restatement	-	-	161,136	-	-	-	-	21,861	182,997
At 31 December 2024	142,261	896,574	157,705	(725,287)	3,059	2,031,946	9,761,919	12,268,177	13,816,485

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Notes:

- a. Pursuant to the relevant People's Republic of China ("PRC") regulations, the Group is required to transfer maintenance and production funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve account to retained earnings.
- b. On 5 May 2023, the Group acquired 30.5% of the equity interests in 康定跑馬山水泥有限責任公司 Kangding Paomashan Cement Co., Ltd.* ("Paomashan") from a non-controlling shareholder of Paomashan for a total consideration of RMB62,960,000 through court auction and the non-controlling interest increased by RMB26,950,000.

On 24 August 2023, the Group acquired 20.4% of the equity interests in 陝西新意達恒眾混凝土有限公司 Shaanxi Xinyida Hengzhong Concrete Co., Ltd.* ("Xinyida Hengzhong") from non-controlling shareholders of Xinyida Hengzhong for a total consideration of RMB7,140,000 through court auction and the non-controlling interest decreased by the same amount.

- * The English name is for identification purpose.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Profit before tax		1,090,182	954,309
Adjustments for:			
Finance costs		294,683	307,839
Interest income		(69,046)	(88,189)
Net foreign exchange difference		(54,885)	(70,327)
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
Gain on disposal of property, plant and equipment		(3,761)	(5,310)
Loss on disposal of right-of-use assets		–	1,213
(Gain) loss on disposal of mining rights		(4,087)	2,306
Loss on fair value changes of equity investment at FVTPL		911	55,465
(Gain) loss on disposal/derecognition of a subsidiary	41	(2,880)	255,651
Gain on deemed disposal of a joint venture		–	(10,000)
Dividends from equity investments		(1,590)	(1,897)
Impairment loss, net of reversal, under expected credit loss model	8	54,903	18,489
Impairment loss on goodwill		7,644	69,587
Impairment loss on property, plant and equipment		104,418	–
Impairment loss on right-of-use assets		10,119	–
Impairment loss on intangible assets		28	–
Provision for administrative penalty		–	119,616
Reversal of inventories		(2,807)	(929)
Share of result of a joint venture		–	3,403
Share of result of an associate		(2,137)	–
Government grants released to profit or loss		(4,726)	(6,127)
Non-cash items related to hyperinflation		(147,960)	(128,161)
Operating cash flows before movements in working capital		2,593,185	2,821,104
(Increase) decrease in inventories		(453,072)	52,654
Increase in properties under development		(332,183)	(244,976)
Increase in trade and other receivables and prepayments		(258,446)	(38,892)
Increase in trade and other payables		362,137	130,243
Increase in contract liabilities		527,845	261,531
Cash generated from operations		2,439,466	2,981,664
Income tax paid		(396,727)	(281,523)
Net cash from operating activities		2,042,739	2,700,141

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Interest received		55,184	85,179
Dividends received from equity investments		1,590	1,897
Purchase of property, plant and equipment		(2,053,187)	(2,865,153)
Purchase of mining rights		(153,873)	(33,043)
Purchase of right-of-use assets		(7,823)	(24,202)
Purchase of other intangible assets		(9,737)	(1,759)
Proceeds from disposal of property, plant and equipment		280,609	42,109
Proceeds from disposal of right-of-use assets		48,190	9
Proceeds from disposal of mining rights		7,493	–
Refund of prepayment for right-of-use assets		–	16,000
Acquisition of investment in an associate		–	(2,441)
Loans to third parties		(40,000)	(411,600)
Repayments received from loans to third parties		228,197	489,407
Net cash outflow on acquisitions of subsidiaries		–	(26,715)
Net cash outflow on disposal/derecognition of a subsidiary	41	29,969	(1,738)
Deposits paid for acquisition of a subsidiary		(78,252)	(50,992)
Withdrawal of restricted/pledged bank deposits		2,264,670	1,482,077
Placement of restricted/pledged bank deposits		(2,451,321)	(2,052,428)
Net cash used in investing activities		(1,878,291)	(3,353,393)
FINANCING ACTIVITIES			
New borrowings raised		4,667,553	3,881,326
Repayments of borrowings		(3,787,320)	(2,098,395)
Proceeds from issue of shares		23,860	–
Repayment of medium-term notes		–	(700,000)
Dividends paid to non-controlling shareholders of a subsidiary		(183,998)	(21,251)
Dividends paid		(125,450)	(364,405)
Acquisition of additional interest in non-controlling interests		–	(67,685)
Capital injection by non-controlling interests		34	25,130
Capital refund to non-controlling interests		–	(10,064)
Interest paid		(509,216)	(504,849)
Net cash from financing activities		85,463	139,807
Net increase (decrease) in cash and cash equivalents		249,911	(513,445)
Cash and cash equivalents at 1 January		922,662	1,424,275
Effect of foreign exchange rate changes		(15,437)	11,832
Total cash and cash equivalents at 31 December, represented by bank balances and cash		1,157,136	922,662

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

West China Cement Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the production and sale of cement in western China, Africa, and Central Asia.

The Company was incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is 47 Esplanade, St Helier, Jersey JE1 0BD, Channel Islands and the principal place of business is Yaobai R&D Training Center, No. 336 4th Shenzhou Road, Aerospace Industrial Base, Chang'an District, Xi'an, Shaanxi Province, the PRC.

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company and most of its principal subsidiaries in the PRC.

2. APPLICATION OF NEW AND AMENDMENTS TO 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Cont'd)

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Cont'd)

Amendments to IFRS Accounting Standards in issue but not yet effective (Cont'd)

Amendments to IAS 21 Lack of Exchangeability (Cont'd)

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.

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 relation to a foreign operation which is in a 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 impact of the amendments to 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on SEHK ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at 31 December 2024, the Group has net current liabilities position of approximately RMB3,560,363,000. The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future after considering the followings:

- as at 31 December 2024, the Group has unused banking facility of approximately RMB1,082,482,000, which is available for drawdown and utilisation in the course of ordinary business;
- subsequent to 31 December 2024 until the date of these consolidated financial statements are authorised for issue, the Group has obtained additional banking facilities of approximately RMB1,460,000,000, which is made available for the Group to utilise at the date of granting such facilities;
- subsequent to 31 December 2024 and up to the date of these the consolidated financial statements are authorised for issue, the Group had 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 RMB4,729,622,000 from those financial institutions;
- subsequent to 31 December 2024 and up to the date of these consolidated financial statements are authorised for issue, the Group had reached agreement with several suppliers for deferred payment arrangement and the amount of RMB430,676,000, which was originally classified as current liability, was successfully deferred beyond twelve months from 31 December 2024; and
- 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.

In view of the above circumstances, the directors of the Company expect that the Group will have sufficient liquidity to finance its operations for the next twelve months from the date of approval of these consolidated financial statements. Therefore, the consolidated financial statements have been prepared on going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU(s)") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Goodwill *(Cont'd)*

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a Lessee

Right-of-use assets

The cost of right-of-use assets includes any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Foreign currencies and operations (including foreign hyperinflationary operation)

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations, except when the functional currency is the currency of a hyperinflationary economy, are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items, except when the functional currency is the currency of a hyperinflationary economy, are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

If an entity's functional currency is the currency of a hyperinflationary economy, when translating into the presentation currency of the Group that of a non-hyperinflationary economy, the result and financial position of that entity in a hyperinflationary economy are translated to the presentation currency of the Group at the exchange rates prevailing at the end of the reporting period, comparative amounts are not adjusted for changes in the price level or subsequent changes in exchange rates in current period.

Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised directly in equity for the restatement effects for the equity opening balances and in translation reserve for the translation effects for the equity opening balances through other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Foreign currencies and operations (including foreign hyperinflationary operation) *(Cont'd)*

Prior to translating the financial statements of foreign operation in a hyperinflationary economy to the presentation currency of the Group, such foreign operation's financial statements for the current year are restated to account for changes in the general purchasing power of the local currencies. The restatement is based on relevant price indices at the end of the reporting period, as discussed below:

Hyperinflationary economy in Ethiopia

As at 31 December 2024, Ethiopia (one of the foreign operations of the Group) has been widely considered as a hyperinflationary economy, as defined in IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"). As such, non-monetary items, which were carried at historical cost, including mainly goodwill, mining rights, property, plant and equipment, inventories and deferred tax liabilities have been restated for the effect of inflation based on changes in the price index for the period from initial recognition to end of the reporting period or to the date of disposal, where relevant.

Profit or loss transactions in the current period have been restated to reflect changes in the price index from the time of transaction to the end of the reporting period, with the exception of depreciation and amortisation. Depreciation and amortisation have been recalculated based on the inflation-adjusted costs of plant, property and equipment. The recalculation has been based on the useful lives of the relevant assets based on the Group's accounting policy.

The restating gain or loss relating to the change in the price index for the reporting period has been recognised in profit or loss under "other gains and losses, net".

Monetary items are not subject to restatement for the effects of inflation as these items already reflect the purchasing power at the reporting date.

Restatement for hyperinflation of the financial statements of the Ethiopian operation was based on the inflation rate which was the end of period consumer prices provided by the World Economic Outlook prepared by International Monetary Fund. For 2024, the inflation rate in Ethiopia was estimated to be 17% (2023: 25%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Foreign currencies and operations (including foreign hyperinflationary operation) *(Cont'd)*

Hyperinflationary economy in Ethiopia *(Cont'd)*

As a result of the application of IAS 29, the overall net impact to profit or loss for the year is amounted to RMB122,402,000 (Note 7), which arises from the restatement of profit or loss at a net effect of RMB101,034,000, and the restatement of non-monetary items (including goodwill, property, plant and equipment, mining rights, inventories, other non-current assets, advances to suppliers, deferred tax liabilities, and equity of the Ethiopian operation).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Employee benefits

Retirement benefit costs

Payments to the defined contribution retirement plans, including state-managed retirement schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Taxation *(Cont'd)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2 *Inventories*. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Except for mining assets (see Notes (a) and (b) below) and construction in progress, depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Property, plant and equipment *(Cont'd)*

Mining assets include primarily the following:

(a) Stripping costs

Stripping costs incurred during the production phase which provide improved access to ore is capitalised into property, plant and equipment as “mining assets” (before production begins) when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with IAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as mining assets of which it forms part. Capitalised stripping costs are depleted on a unit of production basis, using estimated reserves of mine as the depletion base.

(b) Asset retirement obligation

The Group recognises provision for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mining properties and mining assets under property, plant and equipment when those obligations result from the acquisition, construction, or normal operation of the assets. Initially, a provision for an asset retirement obligation is recognised as its present value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the mining assets and the cost is depreciated as an expense over the economic life of the asset using the unit of production method. Following initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The adjusted cost of the asset is depreciated prospectively over the economic life of the assets to which they relate, using the units of production method. The unwinding of the discount is shown as finance costs in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Mining rights

The cost of acquiring rights for the Group to extract a mine over a certain period is capitalised and subsequently stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of mining rights is calculated to write off the cost less accumulated impairment losses over the useful lives of the mines in accordance with the production plans and reserves of the mines estimated on the unit of production method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Impairment on property, plant and equipment, investment properties, right-of-use assets, mining rights and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets, mining rights and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, investment properties, right-of-use assets, mining rights and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 30.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development which are intended to be sold upon completion of development and are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, loan receivables, other deposits, bank balances and restricted/pledged bank deposits) which are subject to impairment assessment under IFRS 9 *Financial Instruments* ("IFRS 9").

Trade receivables with significant and credit-impaired balances are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using provision matrix. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Cont'd)

The Group always recognises lifetime ECL for trade receivables.

For all other financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Cont'd)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Impairment of financial assets subject to impairment assessment under IFRS 9 (Cont'd)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses practical expedient in estimating ECL on trade receivables that are not assessed individually using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "other gains and losses, net" line item as part of the net foreign exchange gains (Note 7);
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the "other gain and losses, net" line item as part of the fair value change on equity instrument at FVTPL (Note 7).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Cont'd)*

3.2 Material accounting policy information *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including borrowings, trade and other payables, senior notes and dividend payables are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses, net" line item in profit or loss (note 7).

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of goodwill, property, plant and equipment, right-of-use assets and mining rights

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether the carrying amount of goodwill, property, plant and equipment, right-of-use-assets and mining rights can be supported by the recoverable amount; and (2) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Details of the impairment assessment is disclosed in Note 21.

Impairment of financial assets

The measurement of impairment losses under IFRS 9 across financial assets measured at amortised costs requires judgement, in particular, the estimation of the amount, timing of future cash flows and forward-looking information when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors (including but not limited to, the creditability of the counterparty, historical default, etc.), changes in which can result in different levels of allowances.

Trade receivables

Trade receivables with significant and credit-impaired balances are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using provision matrix. The provision rates are based on debtors' aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in Notes 28 and 47, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

Impairment of financial assets *(Cont'd)*

Loan receivables

The Group makes allowance for loan receivables based on the ECL model on an individual basis which requires significant judgement and management estimates. Elements of significant management judgement includes: (i) the selection of appropriate models and key inputs used in the ECL model, including the probability of default and loss given default, and (ii) the selection and use of reasonable and supportable forward-looking information without undue cost or effort in the ECL model.

The information about the Group's loan receivables and the ECL are disclosed in Notes 24 and 47, respectively.

Other receivables

Other receivables that are measured at amortised cost were considered low credit risk and thus the impairment provision recognised during the year was based on 12m ECL, except for the amount due from Paomashan which was considered of high credit risk and assessed based on lifetime ECL.

For other receivables, the management make periodic individual assessment on the recoverability of the balances based on historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive forward-looking information.

The information about the Group's other receivables and the ECL are disclosed in Notes 28 and 47, respectively.

Assets retirement obligation

The estimation of the liabilities for assets retirement obligation involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of retirement obligation to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of retirement activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the assets retirement obligations is RMB390,795,000 (2023: RMB358,178,000) as disclosed in Note 35.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION

	2024 RMB'000	2023 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.

All contracts related to cement and related products are for periods of one year or less, as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating Segments (Cont'd)

(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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating Segments (Cont'd)

(i) Segment revenue and results (Cont'd)

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 accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of share of result of an associate/a joint venture, fair value change/dividend income on equity investment at FVTPL, impairment loss recognised in respect of goodwill and other non-current assets, gain on deemed disposal of a joint venture, gain on disposal of a subsidiary and loss on derecognition of a subsidiary, central administrative costs, legal and professional expenses and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

Operating Segments (Cont'd)

(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 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 ECL 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)

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 ECL 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)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Cont'd)

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 Africa	5,184,775	6,250,867
— 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

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

	2024 RMB'000	2023 RMB'000
The PRC Africa	10,301,787	11,097,801
— 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Tax refund (<i>Note a</i>)	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.

7. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Fair value change on equity instrument at FVTPL	(911)	(55,465)
Impairment loss recognised in respect of goodwill (<i>Note 21</i>)	(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 (<i>Note 41</i>)	–	(255,651)
Gain on disposal of a subsidiary (<i>Note 41</i>)	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)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

	2024 RMB'000	2023 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.

9. INTEREST INCOME

	2024 RMB'000	2023 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

10. FINANCE COSTS

	2024 RMB'000	2023 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 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)	284,517	335,335
Auditors' remuneration	7,079	7,340
Cost of inventories recognised as expenses (excluded reversal of inventories)	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)	—	119,616

In addition, the proceeds generated and the associated cost incurred from samples produced before intended use of property, plant and equipment amounted to RMB621,258,000 (2023: RMB177,814,000) and RMB289,594,000 (2023: RMB22,451,000) are recognised and included in the "revenue" and "cost of sales" line items respectively during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE

	2024 RMB'000	2023 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
Other 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 (Note 25):	(4,718)	(47,355)
Income tax expense	262,327	268,608

Pursuant to the rules and regulations of Jersey and the British Virgin Islands, the Company and the subsidiary of the Company, West China Cement Co. Ltd. ("West China BVI") did not have any assessable income for tax purpose in those jurisdictions for both reporting periods.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first 2 million Hong Kong Dollars ("HKD") of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, unless the group entities entitle to other preferential tax treatment granted by the relevant PRC tax authority.

Ethiopia Profits Tax is calculated at 30% for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (Cont'd)

Democratic Republic of Congo Profit Tax is calculated at 30% for both years.

Mozambique Profit Tax is calculated at 32% for both years.

Uzbekistan Profit Tax is calculated at 15% for both years.

Taxation arising in other jurisdictions, mainly arising from various countries in Africa, is calculated at the rates prevailing in the relevant jurisdictions.

Income tax expense for the year can be reconciled from the profit before tax as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	1,090,182	954,309
Tax at domestic income tax rate of 25% (2023: 25%)	272,546	238,577
Tax effects on:		
Expenses not deductible for tax purpose	8,519	36,427
Income not taxable for tax purpose	(615)	(1,330)
Additional tax benefit applicable to the Group (Note a)	(71,129)	(83,834)
Tax holidays and concession rates of group entities (Note b)	(66,785)	(25,924)
Tax effect of share of result of an associate/a joint venture	(534)	850
Tax on interest income on intra-group loans (Note c)	172	372
Tax effect of deductible temporary differences not recognised	81,202	44,108
Withholding tax on undistributed profits of PRC subsidiaries (Note d)	24,000	17,624
Withholding tax on undistributed profits of overseas subsidiary	–	12,964
Tax losses not recognised as deferred tax assets	54,607	143,825
Utilisation of tax losses previously not recognised as deferred tax assets	(8,590)	(5,502)
Recognition of deferred tax assets on tax losses generated in previous years	(2,787)	(31,885)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(41,749)	(36,796)
Under (over) provision in respect of prior years	13,470	(40,868)
Tax expense for the year	262,327	268,608

Notes:

- Pursuant to the relevant tax rules and regulation in the PRC, certain expenses in research nature are deductible at 100% (2023: 100%) of such expenses incurred additionally. The related tax benefit amounted to RMB71,129,000(2023: RMB83,834,000) for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (Cont'd)

Notes: (Cont'd)

- b. Certain of the Company's subsidiaries are established in areas where preferential tax rates were granted by the local tax authorities:

Entities	Place of establishment	Tax rate for the year ended 31 December		
		2024	2023	Tax benefit
和田堯柏水泥有限公司 Hetian Yaobai Cement Co., Ltd.* ("Hetian Yaobai")	Xinjiang	15%	15%	(i)
和田魯新建材有限公司 Luxin Building Materials Co., Ltd.* ("Luxin")	Xinjiang	15%	15%	(i)
西安藍田堯柏水泥有限公司 Xi'an Lantian Yaobai Cement Co., Ltd.* ("Lantian Yaobai")	Shaanxi	15%	15%	(i)
陝西富平水泥有限公司 Fuping Cement Co., Ltd.* ("Fuping")	Shaanxi	15%	15%	(i)
陝西實豐水泥股份有限公司 Shifeng Cement Co., Ltd.* ("Shifeng")	Shaanxi	15%	15%	(i)
商洛堯柏龍橋水泥有限公司 Longqiao Yaobai Cement Co., Ltd.* ("Longqiao Yaobai")	Shaanxi	15%	15%	(i)
蒲城堯柏特種水泥有限公司 Pucheng Yaobai Special Cement Co., Ltd.* ("Pucheng Yaobai")	Shaanxi	15%	15%	(i)
西安中港智慧物流有限公司 Xi'an Zhonggang Intelligent Logistics Co., Ltd.* ("Zhonggang Logistics")	Shaanxi	15%	15%	(i)
貴州麟山水泥有限責任公司 Guizhou Linshan Cement Co., Ltd.* ("Guizhou Linshan")	Guizhou	15%	15%	(i)
韓城堯柏陽山莊水泥有限公司 Hancheng Yangshanzhuang Cement Co., Ltd.* ("Hancheng")	Shaanxi	15%	15%	(i)
安康市堯柏水泥有限公司 Ankang Yaobai Cement Co., Ltd.*	Shaanxi	15%	15%	(i)
漢中堯柏水泥有限公司 Hanzhong Yaobai Cement Co., Ltd.*	Shaanxi	15%	15%	(i)
漢中勉縣堯柏水泥有限公司 Hanzhong Mianxian Yaobai Cement Co., Ltd.* ("Mianxian")	Shaanxi	15%	15%	(i)

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (Cont'd)

Notes: (Cont'd)

- b. Certain of the Company's subsidiaries are established in areas where preferential tax rates were granted by the local tax authorities: (Cont'd)

Entities	Place of establishment	Tax rate for the year ended 31 December		Tax benefit
		2024	2023	
漢中西鄉堯柏水泥有限公司 Hanzhong Xixiang Yaobai Cement Co., Ltd.* ("Xixiang")	Shaanxi	15%	15%	(i)
伊犁堯柏水泥有限公司 Yili Yaobai Cement Co., Ltd.* ("Yili Yaobai")	Xinjiang	15%	15%	(i)
銅川蔡王山生態水泥有限公司 Tongchuan Yaowangshan Ecological Cement Co., Ltd.* ("Yaowangshan")	Shaanxi	15%	15%	(i)
陝西新意達建材產業發展有限公司 Shaanxi Xinyida Building Materials Industry Development Co., Ltd.* ("Xinyida Jiancai")	Shaanxi	15%	15%	(i)
陝西新意達恒眾混凝土有限公司 Xinyida Hengzhong	Shaanxi	15%	15%	(i)
銅川堯柏節能環保建材有限公司 Tongchuan Yaobai Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	15%	15%	(i)
韓城市堯柏節能環保建材有限公司 Hancheng Yaobai Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	15%	15%	(i)
安康堯柏節能環保建材有限公司 Ankang Yaobai Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	15%	15%	(i)
陝西堯柏新材料科技有限公司 Shaanxi Yaobai New Material Technology Co., Ltd.*	Shaanxi	15%	15%	(i)
銅川中港智慧物流有限公司 Tongchuan Zhonggang Intelligent Logistics Co., Ltd.*	Shaanxi	15%	15%	(i)
融信(新疆)融資租賃有限公司 Rongxin (Xinjiang) Financial Leasing Co., Ltd.*	Xinjiang	0%	0%	(ii)
光信(伊犁)融資租賃有限公司 Guangxin (Yili) Financial Leasing Co., Ltd.* ("Guangxin Yili")	Xinjiang	15%	15%	(vi)
漢中堯柏節能環保建材有限公司 Hanzhong Yaobai Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	15%	15%	(i)

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (Cont'd)

Notes: (Cont'd)

- b. Certain of the Company's subsidiaries are established in areas where preferential tax rates were granted by the local tax authorities: (Cont'd)

Entities	Place of establishment	Tax rate for the year ended 31 December		Tax benefit
		2024	2023	
銅川柏雲智能數據技術有限公司 Tongchuan Baiyun Intelligent data technology Co., Ltd.*	Shaanxi	20%	20%	(iii)
墨玉堯柏建材有限公司 Moyu Yaobai Building Materials Co., Ltd.* ("Moyu Jiancai")	Xinjiang	7.5%	7.5%	(iv)
和田堯柏建材有限公司 Hetian Yaobai Building Materials Co., Ltd.* ("Hetian Jiancai")	Xinjiang	7.5%	7.5%	(iv)
Shaanxi Fengsheng	Shaanxi	15%	15%	(v)
西安柏雲智能數據技術有限公司 Baiyun Intelligent Data Technology Co., Ltd.*	Shaanxi	15%	15%	(v)
商洛堯柏秀山水泥有限公司 Shangluo Yaobai Xiushan Cement Co., Ltd.* ("Xiushan Yaobai")	Shaanxi	15%	15%	(v)
銅川堯柏特種水泥有限公司 Tongchuan Yaobai Cement Co., Ltd.*	Shaanxi	15%	15%	(i)
安康堯柏江華水泥有限公司 Ankang Yaobai Jianghua Cement Co. Ltd.* ("Jianghua")	Shaanxi	15%	15%	(i)
陝西柏安外加劑有限公司 Shaanxi Baian Admixture Co., Ltd.*	Shaanxi	15%	15%	(i)
墨玉堯柏水泥有限公司 Moyu Yaobai Cement Co., Ltd.* ("Moyu Yaobai")	Shaanxi	7.5%	7.5%	(i)/(iv)
陝西建達信工程檢測有限公司 Shaanxi Jiandaxin Engineering Testing Co., Ltd.* ("Jiandaxin Engineering")	Shaanxi	20%	20%	(iii)
堯柏特種水泥技術研發有限公司 Yaobai Special Cement Technology R&D Co., Ltd.*	Shaanxi	15%	15%	(v)
漢中堯柏磊金節能環保建材有限公司 Hanzhong Yaobaileijin Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	15%	15%	(v)
陝西柏能工業技術有限公司 Shaanxi Baineng Industrial Technology Co., Ltd.*	Shaanxi	15%	15%	(i)
新疆絲路智運物流有限公司 Xinjiang Silu Zhiyun Logistics Co., Ltd.*	Xinjiang	15%	15%	(i)

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE (Cont'd)

Notes: (Cont'd)

- b. Certain of the Company's subsidiaries are established in areas where preferential tax rates were granted by the local tax authorities: (Cont'd)

Entities	Place of establishment	Tax rate for the year ended 31 December		Tax benefit
		2024	2023	
商洛堯柏節能環保建材有限公司 Shangluo Yaobai Energy Conservation and Environmental Protection Building Materials Co., Ltd.*	Shaanxi	20%	20%	(iii)
和田堯柏節能環保建材有限公司 Hetian Yaobo Energy Conservation and Environmental Protection Building Materials Co., Ltd.* ("Hetian Jieneng")	Xinjiang	7.5%	0%	(iv)
陝西堯柏恒基混凝土有限公司 Shaanxi Yaobo Hengji Concrete Co., Ltd.*	Shaanxi	15%	15%	(i)
渭南堯柏聚信建築材料有限公司 Weinan Yaobo Juxin Building Materials Co., Ltd.* ("Juxin Building")	Shaanxi	15%	15%	(i)
陝西康居樾華物業服務有限公司 Shaanxi Kangju Yuehua Property Service Co., Ltd.*	Shaanxi	20%	20%	(iii)
Great Lake Cement SAS ("Great Lake Cement")	Republic of Congo	0%	0%	(vii)

- (i) Concession rate of 15% is granted by the local tax authorities in western region expiring in 2030. According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]) issued on 23 April 2020, companies located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year. The above group entities, which are located in western region and are engaged in the encouraged business, are entitled to enjoy the preferential EIT rate of 15% in the respective years.
- (ii) Five-year tax holidays with 0% tax rate starting from the year beginning on 1 January 2023.
- (iii) Concession rate of 20% were granted to the small and micro enterprises.
- (iv) Tax incentive of “兩免三減半” was granted to these subsidiaries. The Group's subsidiaries, Moyu Jiancai, Hetian Jiancai, Moyu Yaobai and Hetian Jieneng are entitled to the tax incentive starting from year 2020, 2021, 2022, 2023 and 2024 respectively.
- (v) Three-year tax holidays with 15% tax rate granted to high-tech enterprises in both years.
- (vi) Tax incentive of “五免五減” was granted to Guangxin Yili, which entitled to the tax incentive starting from year 2018 to 2027.
- (vii) Tax holidays with 0% tax rate is entitled till the year ending by 31 December 2027.
- c. Interest income in respect of intra-group loans within the Group is subject to a tax rate of 7% based on the double taxation arrangement between Hong Kong and the PRC.
- d. Withholding tax is imposed on dividends declared to foreign investors in respect of profit earned by PRC subsidiaries from 1 January 2008 onward at a tax rate of 5% under the PRC Enterprise Income Tax Law.

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. DIVIDENDS

	2024 RMB'000	2023 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 HK3.6 cents) (2023: RMB2.3 cents (equivalent to HK2.5 cents)) per ordinary share, in an aggregate amount of (approximately RMB185,348,000 (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.

14. 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 RMB'000	2023 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 '000	2023 '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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

2024	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefits RMB'000	Total RMB'000
Executive directors					
Zhang Jimin	-	1,500	-	-	1,500
Cao Jianshun (<i>Chief Executive Officer</i>) (appointed on 2 Feb. 2023)	-	2,013	-	41	2,054
Wang Fayin (appointed on 2 Feb. 2023 and resigned on 16 Apr. 2024)	-	1,848	-	35	1,883
Wang Rui (appointed on 16 Apr. 2024)	-	1,087	-	31	1,118
Chu Yufeng (appointed on 2 Feb. 2023)	-	1,370	-	41	1,411
Non-executive directors					
Ma Zhaoyang	367	-	-	-	367
Fan Changhong (resigned on 10 Jan. 2024)	9	-	-	-	9
Fan Zhan (appointed on 7 June 2023)	367	-	-	-	367
Wang Zhixin (appointed on 10 Jan. 2024)	358	-	-	-	358
Independent non-executive directors					
Lee Kong Wai Conway	366	-	-	-	366
Zhu Dong	366	-	-	-	366
Tam King Ching Kenny	366	-	-	-	366
Feng Tao (appointed on 28 Feb. 2023)	366	-	-	-	366
	2,565	7,818	-	148	10,531

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Cont'd)

2023	Fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefits RMB'000	Total RMB'000
Executive directors					
Zhang Jimin	–	1,500	2,300	–	3,800
Ma Weiping (<i>Chief Executive Officer</i>) (resigned on 2 Feb. 2023)	–	336	1,667	–	2,003
Cao Jianshun (<i>Chief Executive Officer</i>) (appointed on 2 Feb. 2023)	–	2,032	–	35	2,067
Wang Fayin (appointed on 2 Feb. 2023 and resigned on 16 Apr. 2024)	–	1,830	–	35	1,865
Chu Yufeng (appointed on 2 Feb. 2023)	–	1,434	265	35	1,734
Non-executive directors					
Ma Zhaoyang	360	–	–	–	360
Fan Changhong (resigned on 10 Jan. 2024)	360	–	–	–	360
Wang Jingqian (appointed on 19 April 2022 and resigned on 7 June 2023)	156	–	–	–	156
Fan Zhan (appointed on 7 June 2023)	204	–	–	–	204
Independent non-executive directors					
Lee Kong Wai Conway	360	–	–	–	360
Zhu Dong	360	–	–	–	360
Tam King Ching Kenny	360	–	–	–	360
Feng Tao (appointed on 28 Feb. 2023)	301	–	–	–	301
	2,461	7,132	4,232	105	13,930

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Cont'd)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

On 16 April 2024, Ms. Wang Rui has been appointed as the executive director of the Company.

The emoluments of Ms. Wang Rui disclosed in the above-mentioned table for the year ended 31 December 2024 exclude the salaries and allowances she received for her involvement in the management of the affairs of the Company and the Group prior to her appointment as an executive director.

The emoluments disclosed for Mr. Cao Jianshu, Mr. Wang Fayin and Mr. Chu Yufeng during the years ended 31 December 2024 and 2023 in the abovementioned table included the salaries and allowances for their services in connection with the management of the affairs of the Company and the Group before they were appointed as the executive directors.

The non-executive directors' and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

During the year, no emolument was paid by the Group to the directors of the Company as an inducement to join or as compensation for loss of office (2023: nil).

Performance related bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: nil).

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year include five (2023: five) directors of whose remuneration are set out in Note 15 above.

During the year, no emolument was paid by the Group to these individuals as an inducement to join or as compensation for loss of office (2023: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Electronic and other equipment RMB'000	Machinery RMB'000	Mining assets RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2023	7,871,697	650,448	682,918	11,228,805	1,607,335	4,503,422	26,544,625
Exchange realignment	31,521	2,519	1,905	40,513	11	56,908	133,377
Additions	206,826	137,050	27,605	127,104	38,405	3,250,047	3,787,037
Transfers	468,670	70,509	21,865	227,377	47,428	(843,530)	(7,681)
Derecognition of a subsidiary (Note 41)	(63,720)	(2,395)	(861)	(1,398)	–	(507,842)	(576,216)
Hyperinflation restatement	91,830	136,866	38,214	256,798	64,957	–	588,665
Disposals/written off	(14,758)	(70,040)	(6,685)	(25,578)	(3,472)	–	(120,533)
At 31 December 2023	8,592,066	924,957	764,961	11,853,621	1,754,664	6,459,005	30,349,274
Exchange realignment	(10,285)	(19,579)	(3,133)	(30,965)	(459)	(679,237)	(743,658)
Additions	300,169	225,258	548,549	296,235	24,567	3,081,685	4,476,463
Transfers	2,191,488	318,026	499,702	1,675,587	115,124	(4,836,017)	(36,090)
Hyperinflation restatement	64,321	36,047	8,197	160,053	–	–	268,618
Disposals/written off	(99,878)	(70,114)	(17,663)	(201,850)	(642)	–	(390,147)
At 31 December 2024	11,037,881	1,414,595	1,800,613	13,752,681	1,893,254	4,025,436	33,924,460
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	2,155,876	214,505	311,112	5,087,314	580,463	–	8,349,270
Depreciation charge	362,395	100,699	62,009	674,745	55,187	–	1,255,035
Hyperinflation restatement	1,834	1,549	434	11,025	–	–	14,842
Eliminated on derecognition of a subsidiary (Note 45)	(254)	(98)	(68)	(30)	–	–	(450)
Eliminated on disposals/written off	(7,218)	(59,648)	(1,547)	(15,275)	(46)	–	(83,734)
Exchange realignment	1,268	549	343	2,683	2	–	4,845
At 31 December 2023	2,513,901	257,556	372,283	5,760,462	635,606	–	9,539,808
Depreciation charge	431,509	129,629	47,843	599,473	45,597	–	1,254,051
Hyperinflation restatement	2,118	1,282	384	8,802	–	–	12,586
Eliminated on disposals/written off	(15,057)	(34,273)	(1,662)	(62,302)	(5)	–	(113,299)
Exchange realignment	(6,733)	(18,195)	(2,634)	(29,437)	(37)	–	(57,036)
Impairment loss recognised in profit or loss	59,210	344	1,572	41,368	1,633	291	104,418
At 31 December 2024	2,984,948	336,343	417,786	6,318,366	682,794	291	10,740,528
CARRYING AMOUNT							
At 31 December 2024	8,052,933	1,078,252	1,382,827	7,434,315	1,210,460	4,025,145	23,183,932
At 31 December 2023	6,078,165	667,401	392,678	6,093,159	1,119,058	6,459,005	20,809,466

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Details of property, plant and equipment pledged are set out in Note 46.

The annual rates of depreciation for above items of property, plant and equipment, other than construction in progress and mining assets, are as follows:

Category of property, plant and equipment	Useful life
Buildings	20 to 50 years
Motor vehicles	4 to 8 years
Electronic and other equipment	5 to 12 years
Machinery	12 to 20 years

Mining assets are depleted on a unit of production basis, using estimated reserves of mine as the depletion base.

18. RIGHT-OF-USE ASSETS

	Leasehold land	
	RMB'000	
As at 31 December 2024		
Carrying amount	758,758	
As at 31 December 2023		
Carrying amount	833,809	
	2024	2023
	RMB'000	RMB'000
Depreciation charge	20,101	41,902
Impairment loss recognised in profit or loss (Note 21)	10,119	–
Total cash outflow for leases	7,823	24,202
Additions to right-of-use assets	336	61,333

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB56,863,000 (2023: RMB58,510,000) in which the Group is in the process of obtaining. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these land use rights. Details of right-of-use assets pledged are set out in Note 46.

Right-of-use assets are depreciated on a straight-line basis over the shorter of 50 years and the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

19. MINING RIGHTS

RMB'000

COST

At 1 January 2023	1,722,574
Addition	137,691
Hyperinflation restatement	99,206
Transfer from construction in progress	3,502
Disposal	(36,659)
Exchange realignment	2,992
At 31 December 2023	1,929,306
Addition	129,798
Transfer from construction in progress	36,090
Hyperinflation restatement	37,797
Disposal	(3,502)
Exchange realignment	(150,953)
At 31 December 2024	1,978,536

AMORTISATION AND IMPAIRMENT

At 1 January 2023	194,543
Charge for the year	41,286
Hyperinflation restatement	(604)
Eliminated on disposal	(34,353)
At 31 December 2023	200,872
Charge for the year	44,234
Eliminated on disposal	(96)
Exchange realignment	(1,322)
At 31 December 2024	243,688

CARRYING AMOUNT

At 31 December 2024	1,734,848
At 31 December 2023	1,728,434

Mining rights are granted from the respective governmental department in the PRC, Mozambique, the Republic of Angola, Democratic of Congo and Ethiopia.

Mining rights are depleted on a unit of production basis, using estimated reserves of mine as the depletion base.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

20. OTHER INTANGIBLE ASSETS

	Goodwill RMB'000	Customer relationships RMB'000	Computer software RMB'000	Emission rights RMB'000	Total RMB'000
COST					
At 1 January 2023	480,865	20,610	69,741	4,400	575,616
Addition	–	–	1,759	–	1,759
Hyperinflation restatement	27,802	–	–	–	27,802
Transfers from construction in progress	–	–	4,179	–	4,179
Derecognition of a subsidiary (Note 41)	(70,839)	–	(226)	–	(71,065)
At 31 December 2023	437,828	20,610	75,453	4,400	538,291
Exchange adjustments	(73,889)	–	216	–	(73,673)
Addition	–	–	9,737	–	9,737
Hyperinflation restatement	5,326	–	–	–	5,326
At 31 December 2024	369,265	20,610	85,406	4,400	479,681
ACCUMULATED AMORTISATION					
At 1 January 2023	–	20,610	11,257	189	32,056
Charge for the year	–	–	5,854	89	5,943
Impairment losses recognised in the year (Note 21)	69,587	–	–	–	69,587
At 31 December 2023	69,587	20,610	17,111	278	107,586
Exchange adjustments	–	–	54	–	54
Charge for the year	–	–	5,581	209	5,790
Impairment losses recognised in the year (Note 21)	7,644	–	28	–	7,672
At 31 December 2024	77,231	20,610	22,774	487	121,102
CARRYING AMOUNT					
At 31 December 2024	292,034	–	62,632	3,913	358,579
At 31 December 2023	368,241	–	58,342	4,122	430,705

The following useful lives are used in the calculation of amortisation:

Computer software	5 to 20 years
Emission rights	20 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. IMPAIRMENT ASSESSMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND MINING RIGHTS

Management considers each cement plant as a separate CGU and goodwill is test for the lowest level of identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets is the cash inflows generated by each cement plant.

Goodwill is tested for impairment annually or more frequently when circumstances indicate the carrying value may be impaired. Goodwill balances at end of each reporting period were attributable specifically to the seven individual CGUs in 2024 (2023: nine individual CGUs).

In addition, at the end of each reporting period, the management carries out the review of its non-current assets to identify if there is any impairment indicators that these assets have suffered an impairment loss.

Due to the continuous downturn of the business environment in the cement industry in the PRC, certain of the Group's subsidiaries were experiencing operating losses for the year ended 31 December 2024 and 31 December 2023 and the management concluded there was indication for impairment. As it is not possible to estimate the recoverable amount of these individual non-current assets, the Group conducted impairment assessment on 22 CGUs (2023: 22 CGUs) where these goodwill, property, plant and equipment, right-of-use assets and mining rights belong to.

The total carrying amount of goodwill and property, plant and equipment, right-of-use assets and mining rights which belong to CGUs that are subject to impairment assessment as at 31 December 2024 were RMB6,000,673,000 (2023: RMB6,499,420,000) (before impairment).

The recoverable amounts of above CGUs have been determined based on the value in use calculation. The calculation uses cash flow projections based on a five-year financial budgets approved by the management. The following table sets out the key assumptions for the value in use calculation of the CGUs that were subject to impairment review.

	China	Africa
Pre-tax discount rate		
31 December 2024	10.5%–13.6%	14.0%–26.5%
31 December 2023	12.0%–12.1%	18.0%
Revenue growth rate		
31 December 2024	-2%–3%	0%–11%
31 December 2023	-12%–9%	-4%–0%

The cash flows beyond the five-year period are extrapolated using 0% to 5.7% growth rates (2023: 0% to 5.7%) with reference to the gross domestic price index of the respective country. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, which is determined based on the unit's past performance and management's expectations for the market development.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. IMPAIRMENT ASSESSMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND MINING RIGHTS (Cont'd)

According to the result of the impairment review, the management concluded that six CGUs with their recoverable amounts lower than the carrying amounts of the CGUs. An impairment loss of approximately RMB122,209,000 has been recognised in profit or loss for the year ended 31 December 2024, of which RMB7,644,000 has been recognised against the carrying amounts of goodwill (Note 7) and the remaining RMB114,565,000 has been recognised (included in the cost of sales) and allocated to property, plant and equipment, right-of-use assets and other intangible assets other than goodwill. An impairment loss of approximately RMB69,587,000 has been recognised in profit or loss for the year ended 31 December 2023, and all the impairment losses were allocated to goodwill.

For the year ended 31 December 2024

	Valuation methodology	Gross carrying amount RMB'000	Recoverable amount RMB'000	Amount of impairment recognised RMB'000
CGUs (including goodwill)				
Cement plant — Pucheng	VIU	323,334	311,422	(11,912)
Cement plant — Yaowangshan	VIU	354,774	260,482	(94,292)
Cement plant — Pucheng Building	VIU	20,379	14,246	(6,133)
Cement plant — Shangluo Building	VIU	20,185	19,451	(734)
Cement plant — Juxin Building	VIU	20,431	12,786	(7,645)
Cement plant — Hanzhong Building	VIU	10,005	8,512	(1,493)
		749,108	626,899	(122,209)

For the year ended 31 December 2023

	Valuation methodology	Gross carrying amount RMB'000	Recoverable amount RMB'000	Amount of impairment recognised RMB'000
CGUs (including goodwill)				
Cement plant — Fuping	VIU	771,613	764,355	(7,258)
Cement plant — Yaowangshan	VIU	461,955	432,342	(29,613)
Cement plant — Juxin Building	VIU	66,497	33,781	(32,716)
		1,300,065	1,230,478	(69,587)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. IMPAIRMENT ASSESSMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND MINING RIGHTS (Cont'd)

Below are the key parameters adopted for the six CGUs with impairment loss:

For the year ended 31 December 2024

	Juxin Building	Pucheng	Pucheng Building	Shangluo Building	Hanzhong Building	Yaowangshan
Pre-tax discount rate	12%	12%	14%	13%	12%	12%
Revenue growth rate	5%	12%	83%	0%	42%	-23%

For the year ended 31 December 2023

	Fuping	Yaowangshan	Juxin Building
Pre-tax discount rate	12%	12%	12%
Revenue growth rate	-1%	-3%	4%

The management of the Group conduct sensitivity analysis of the parameters applied in the base version of the impairment testing to confirm whether a reasonably possible change in key parameters (i.e. the pre-tax discount rate and the revenue growth rate) would cause the carrying amount of the CGUs to exceed the recoverable amount.

The result of sensitivity analysis for the six CGUs are summarised as below:

For the year ended 31 December 2024

	Juxin Building RMB'000	Pucheng RMB'000	Pucheng Building RMB'000	Shangluo Building RMB'000	Hanzhong Building RMB'000	Yaowangshan RMB'000
Decrease in recoverable amount						
— if pre-tax discount rate increased by 1%	(2,227)	(1,760)	(5,657)	(145)	(1,217)	(82,759)
— if revenue growth rate decreased by 1%	(12,927)	(45,652)	(10,324)	(2,734)	(5,179)	(130,447)

For the year ended 31 December 2023

	Fuping RMB'000	Yaowangshan RMB'000	Juxin Building RMB'000
Decrease in recoverable amount			
— if pre-tax discount rate increased by 1%	(61,139)	(21,492)	(3,816)
— if revenue growth rate decreased by 1%	(22,526)	(15,530)	(4,978)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. IMPAIRMENT ASSESSMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND MINING RIGHTS (Cont'd)

Except for the CGUs with impairment of goodwill and other non-current assets already recognised, the management of the Group has not identified that a reasonable possible change in the key parameters could cause the carrying amount of the CGUs to exceed the recoverable amount as of 31 December 2024 and 2023 for all other CGUs.

The carrying amounts of goodwill balances at end of each reporting period were attributable specifically to the individual CGU as below.

	2024 RMB'000	2023 RMB'000
Cement plant — Xiushan Yaobai	45,274	45,274
Cement plant — Luxin	49,133	49,133
Cement plant — Shifeng	55,872	55,872
Cement plant — National Cement Share Company ("NCSC")	79,141	147,704
Commercial mixed station — Shaanxi Fengsheng	6,207	6,207
Concrete plant — Shaanxi Hengji Concrete Co., Ltd.* ("Hengji Concrete") 陝西恒基混凝土有限公司	50,594	50,594
Concrete plant — Juxin Building	5,813	13,457
	292,034	368,241

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22. INTEREST IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Unlisted equity investment, at cost (Note)	8,000	8,000
Share of post-acquisition profits and other comprehensive income	2,137	—
Carrying amount of the Group's interest	10,137	8,000

Note: Approximately RMB5,559,000 of the of the investment cost were contributed by the land use right.

Details of the Group's principal associate at the end of reporting period are as follows:

Name of Entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting right held by the Group		Principal activity
			2024	2023	2024	2023	
Tongchuan Haichuang Yaobai Environmental Co., Ltd.* 銅川海創堯柏環保 有限責任公司	The PRC	Shaanxi	40%	40%	40%	40%	Treatment of dangerous and hazardous waste

* The English name is for identification purpose only

No summary of financial information is disclosed as the financial results of the associate is not material to the Group as a whole.

23. EQUITY INSTRUMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Listed securities:		
— Equity securities listed in the SEHK	36,217	37,128

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Loans collateralised by property, plant and equipment (<i>Note a</i>)	376,500	375,596
Loans collateralised by receivables (<i>Note b</i>)	270,000	502,300
Small loans (<i>Note c</i>)	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

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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. LOAN RECEIVABLES (Cont'd)

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

	2024 RMB'000	2023 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. Details of impairment assessment are set out in Note 47.

25. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	131,498	165,980
Deferred tax liabilities	(511,040)	(409,578)
	(379,542)	(243,598)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

25. DEFERRED TAX (Cont'd)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Impairment, allowance for doubtful debts and accruals RMB'000	Other long-term payables and deferred income RMB'000	Tax losses RMB'000	Assets booked at fair value on acquisition RMB'000	Withholding tax on undistributed profits of PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2023	74,324	(18,076)	125,201	(418,075)	(32,191)	(268,817)
(Charged) credited to profit or loss	(6,945)	5,398	2,673	17,953	28,276	47,355
Derecognition of A subsidiary (Note 41)	(49)	–	(22,087)	–	–	(22,136)
At 31 December 2023	67,330	(12,678)	105,787	(400,122)	(3,915)	(243,598)
(Charged) credited to profit or loss	(16,715)	7,480	(34,624)	47,394	1,183	4,718
Hyperinflation Adjustment	–	–	–	(140,662)	–	(140,662)
At 31 December 2024	50,615	(5,198)	71,163	(493,390)	(2,732)	(379,542)

At the end of the reporting period, the Group had unused tax losses of RMB1,047,284,000 (2023: RMB1,012,860,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of RMB284,652,000 (2023: RMB423,147,000) of such losses.

No deferred tax has been recognised in respect of the tax losses of RMB762,632,000 (2023: RMB589,713,000) due to unpredictability of future profit streams. The unused tax losses not recognised will be expired in the following year ending 31 December:

	2024 RMB'000	2023 RMB'000
2027	–	14,414
2028	544,204	575,299
2029	218,428	–
	762,632	589,713

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2024, the Group recognised deferred taxation in respect of withholding tax of RMB2,732,000 (2023: RMB3,915,000) for undistributed earnings of certain PRC subsidiaries.

As at 31 December 2024, the Group has deductible temporary differences of RMB1,015,047,000 (2023: RMB757,099,000). A deferred tax asset has been recognised in respect of RMB202,460,000 (2023: RMB269,320,000) in relation to such deductible temporary difference.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

25. DEFERRED TAX (Cont'd)

As at 31 December 2024, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB6,052,415,000 (2023: RMB5,332,165,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the non-PRC subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB2,073,758,000 (2023: RMB1,475,413,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

26. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and consumables	1,096,912	722,185
Work in progress	498,882	425,213
Finished goods	264,363	251,264
	1,860,157	1,398,662

27. PROPERTIES UNDER DEVELOPMENT

	2024 RMB'000	2023 RMB'000
Properties under development	1,276,265	944,082

RMB'000

Analysis of leasehold land:

As at 31 December 2024

Carrying amount

556,903

As at 31 December 2023

Carrying amount

556,903

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2024 (2023: nil).

Details of properties under development pledged are set out in Note 46.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

28. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 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

Details of trade receivables pledged are set out in Note 46, and details of amount due from joint venture are set out in Note 45.

Note: Included in other receivables are balances of approximately RMB377,758,000 (2023: RMB372,990,000) due from non-controlling interests of subsidiaries, which are non-trade nature, unsecured, interest free and have no fixed terms of repayment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

28. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

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

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 RMB'000	2023 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.

Details of impairment assessment of trade and other receivables are set out in Note 47.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. TRANSFER OF FINANCIAL ASSETS

The following was the Group's financial assets as at 31 December 2024 and 2023 that were transferred to suppliers by endorsing the bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to the bills receivables, it continues to recognise the full carrying amount of the receivables. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

	2024 RMB'000	2023 RMB'000
Carrying amount of transferred assets	146,901	126,031
Carrying amount of associated liabilities	146,901	126,031
Net position	—	—

30. CASH AND CASH EQUIVALENTS/ PLEDGED/RESTRICTED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents		
— denominated in RMB	336,282	365,672
— denominated in USD	622,217	424,464
— denominated in other currencies	198,637	132,526
	1,157,136	922,662
Pledged/restricted bank deposits		
— denominated in RMB	1,106,083	941,707
— denominated in other currencies	278,237	255,962
	1,384,320	1,197,669

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0.10% to 3.20% (2023: 0.15% to 3.40%) per annum.

Restricted/pledged bank deposits represent advances from purchaser for the pre-sale of the relevant development properties that are subject to regulatory restrictions and deposits pledged to banks to secure for bills payable and borrowings. Deposits amounting to RMB107,801,000 (2023: RMB70,000,000) have been pledged to secure long-term borrowings and are therefore classified as non-current assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. BORROWINGS

	2024 RMB'000	2023 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 RMB'000	2023 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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. BORROWINGS (Cont'd)

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.

Details of pledge of assets for the Group's secured bank loans are set out in Note 46.

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 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 — current portion (Note 37)	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 RMB'000	2023 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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. 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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

34. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Real estate sales contract	727,378	300,728
Cement sales contracts	522,176	420,981
	1,249,554	721,709

As at 1 January 2023, contract liabilities amounted to RMB453,687,000.

Approximately RMB395,446,000 of contract liabilities brought forward from prior year had been recognised during the year ended 31 December 2024 (2023: RMB427,144,000).

The significant increase in contract liabilities as at 31 December 2024 in the current year was mainly due to the increase in advances from customers to purchase cement and related products and advance from purchaser for the pre-sale of the relevant development properties near the year end as at 31 December 2024.

35. ASSET RETIREMENT OBLIGATION

	2024 RMB'000	2023 RMB'000
At 1 January	358,178	335,693
Addition	24,705	34,336
Unwinding of discount	17,072	16,483
Utilisation of provision	(9,160)	(28,334)
At 31 December	390,795	358,178

During the year ended 31 December 2024, the Group recognised assets retirement obligation of RMB24,705,000 (2023: RMB34,336,000) relating to the acquired mining rights as disclosed in Note 19.

36. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants relating to acquisition of property, plant and equipment (Note)	20,928	25,654
Less: amounts expected to be recognised within one year	(5,491)	(4,850)
	15,437	20,804

Note: The amount represents unconditional government grants received by the Group's subsidiaries for acquisition of property, plant and equipment. The balance is amortised based on the useful lives of respective property, plant and equipment from 3 to 12 years. RMB4,726,000 (2023: RMB6,127,000) was released to profit or loss and recorded in other income in the current reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

37. OTHER LONG-TERM PAYABLES

	2024 RMB'000	2023 RMB'000
Payable related to Dugongo (defined below) (Note a)	927,142	895,283
Payable for mining rights (Note b)	329,403	340,140
Provision for administrative penalty (Note c)	154,828	149,394
	1,411,373	1,384,817
Less: current portion (Note 32)	(290,092)	(291,729)
Amounts shown under non-current liabilities	1,121,281	1,093,088

Notes:

- (a) In 2020, the Group recorded USD174,788,000 (equivalent to RMB1,138,506,000) payables to the non-controlling shareholder of Moçambique Dugongo Cimentos, S.A. ("Dugongo"). During the year ended 31 December 2021, Dugongo signed a three-party debt transferring agreement with an independent third party and the non-controlling shareholder of Dugongo to transfer the full amount due to the non-controlling shareholder of Dugongo to the independent third party. The payable is unsecured, with original repayment period from 2022 to 2026 (borne interest rate of 4.62% per annum), was extended to new repayment periods from 2025 to 2029 as at 31 December 2024 and bears new interest rate of 1.93% per annum.
- (b) According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in Shaanxi Province "陝西省礦業權出讓收益徵收管理實施法" (the "Announcement"), an entity is required to pay a premium when acquiring the relevant exploration right or mining right. The balance represented the amount to be paid to the government in respect of such Announcement with repayments payable from 2022 to 2041 using a discount rate of 4.20% to 4.65% per annum.
- (c) During the year ended 31 December 2022, the Group received an administrative penalty order made by Shaanxi Administration for Market Regulation ("SXAMR") for an accusation of price monopoly in the Central Shaanxi market in the PRC from July 2017 to March 2019 together with other 12 cement entities in the region. The Group was ordered to pay a penalty that was measured based on a percentage of the total sales in the region during such period. The directors of the Company determined that the penalty order made by SXAMR was unjustified and the Group had filed an objection to the State Administration for Market Regulation ("SAMR") against the original order during the same year.

In October 2022, the proceeding of the objection to SAMR was temporary suspended and the Group and SXAMR was undergone arbitration on the penalty order. In March 2023, the Group and SXAMR could not reach to a settlement and the proceeding of objection was resumed. On 21 March 2023, SAMR upheld the original judgement made by SXAMR. In April 2023, the Group commenced an administrative litigation to Beijing Intellectual Property Court ("BJIPC") against the order from SXAMR and the result of objection from SAMR. In December 2023, BJIPC upheld the original judgement made by SXAMR and SAMR.

On 5 January 2024, the Group filed an appeal to The Supreme People's Court of the People's Republic of China (The "Supreme People's Court"). The Intellectual Property Court of the Supreme People's Court has held a hearing on this case on 22 October 2024, up to the date these consolidated financial statements are authorised for issue, the Group has yet to receive any judgment from the Supreme People's Court and no official result has been released yet.

The Group had made further provision of RMB5,433,000 in relation to the administrative penalty for the year ended 31 December 2024 (2023: RMB119,616,000) which represented the management's best estimate that an outflow of resources embodying economic benefits will be required to settle the obligation as at 31 December 2024 using discount rates of 3.45% to 3.95% per annum (31 December 2023: 3.45% to 3.95% per annum). As a 31 December 2024, the Group had provided RMB154,828,000 (2023: RMB149,394,000 (included in other payables) in respective of administrative penalty.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

38. SHARE CAPITAL

	Number of shares '000	Share capital	
		Shown in the consolidated financial statements RMB'000	GBP'000
Ordinary shares of 0.002 Great Britain Pound ("GBP") each			
Authorised:			
At 1 January 2023, 31 December 2023 and 2024	10,000,000	20,000	
Issued and fully paid:			
At 1 January 2023 and 31 December 2023	5,438,883	10,876	141,837
Issue of shares upon exercise of share options (note 43)	23,650	47	424
At 31 December 2024	5,462,533	10,923	142,261

39. RESERVES

Equity reserve

Equity reserve comprises:

- On 27 October 2006, the Company became the legal parent of West China BVI by way of a share exchange agreement. According to the share exchange agreement, the shareholders of West China BVI transferred the entire issued share capital of West China BVI to the Company. This business combination is regarded as a reverse acquisition whereby West China BVI, the legal subsidiary, is the acquirer and has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities. The difference between the fair value and carrying amount of net assets of West China BVI at the acquisition date amounted to RMB341,304,000 resulting from this reverse acquisition was debited to equity reserve.
- On 10 January 2011, the Group signed an agreement with the non-controlling shareholder of Longqiao Yaobai to acquire the remaining 20% equity interests in Longqiao Yaobai from the non-controlling shareholder. The difference amounted to RMB8,124,000 between the consideration paid of RMB25,000,000 and the non-controlling interest decreased of RMB33,124,000 was credited directly to equity reserve.
- On 19 March 2012, the Group signed an agreement with the non-controlling shareholder of Jianghua to acquire the remaining 20% equity interests in Jianghua from the non-controlling shareholder. The difference amounted to RMB30,916,000 between the consideration paid of RMB50,000,000 and the non-controlling interest decreased of RMB80,916,000 was credited directly to equity reserve.
- On 14 November 2013, the Group signed an agreement with the non-controlling shareholder of Guizhou Linshan to acquire the remaining 20% equity interests in Guizhou Linshan from the non-controlling shareholder. The difference amounted to RMB3,604,000 between the consideration paid of RMB58,680,000 and the non-controlling interest decreased of RMB55,076,000 was debited directly to equity reserve.

* The English name is for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. RESERVES (Cont'd)

Equity reserve (Cont'd)

Equity reserve comprises: (Cont'd)

- (e) On 9 February 2018, the Group entered an agreement with the non-controlling shareholders of Jiandaxin Engineering to acquire the remaining 55% equity interests in Jiandaxin from the non-controlling shareholders. The difference amounted to RMB138,000 between the consideration paid of RMB1,088,000 and the non-controlling interest decreased of RMB950,000 was debited directly to equity reserve.
- (f) On 5 August 2020, the Group signed an agreement with the non-controlling shareholder of Xinyida Hengzhong to acquire 9.6% equity interests in Xinyida Hengzhong from the non-controlling shareholder. The difference amounted to RMB3,651,000 between the consideration of RMB3,360,000 and the non-controlling interest decreased of RMB7,011,000 was credited directly to equity reserve.
- (g) On 21 November 2020, the Group entered into an agreement with the non-controlling shareholder of Baihong Ouli to acquire the remaining 20% equity interests in Baihong Ouli from the non-controlling shareholder. The difference amounted to RMB1,558,000 between the consideration of RMB11,500,000 and the non-controlling interest increased of RMB9,942,000 was debited directly to equity reserve.
- (h) During the year ended 31 December 2020, one of the non-controlling shareholders contributed the capital in the form of assets and liabilities to Dugongo. These assets, with original carrying amount of approximately USD201,804,000 (equivalent to RMB1,428,771,000), was revalued at approximately of USD214,758,000 (equivalent to RMB1,520,381,000) at the time of injection. Dugongo was liable to take up the respective payable of approximately USD201,804,000 (equivalent to RMB1,428,771,000) as a result of such injection. The difference of RMB89,477,000 (after deducting the capital contribution of RMB2,133,000 by the non-controlling shareholder) was deemed as the contribution from the non-controlling shareholder. Amount of RMB53,686,000 was directly credited to the equity reserve which represents the portion attributed to the Group as a result of such injection.
- (i) On 23 May 2023, the Group acquired 30.5% of equity interest in Paomashan from the non-controlling shareholder through court auction. The difference amounted to RMB89,910,000 between the consideration of RMB62,960,000 and the non-controlling interest increased of RMB26,950,000 was debited directly to equity reserve.
- (j) Ethiopia (one of the foreign operations of the Group) has been widely considered as a hyperinflationary economy, as defined in IAS 29. During the restatement process of the subsidiary's financial statements by the Group, the equity reserve was increased by RMB238,755,000 (2023: RMB336,706,000).

Statutory reserve

In accordance with relevant rules and regulations in the PRC and provision of the articles of association of the group companies established in the PRC, the group companies in the PRC are required to appropriate 10% of the profit after tax determined under the accounting principles and financial regulations applicable in the PRC to the statutory reserve until the balances reach 50% of their respective registered capital. The reserve can be used to offset losses incurred or to increase their respective paid-in capital. Except for offset of losses incurred, any other usage should not result in the reserve balance falling below 25% of registered capital.

In addition, pursuant to the relevant PRC regulations, the Group is required to transfer maintenance and production funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve account to retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

40. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2023

On 30 September 2022, the Group entered into a sale and purchase agreement with 華商基業文化發展有限公司 Huashang Jiye Cultural Development Co., Ltd* (the "Seller") to acquire the remaining 50% equity interests in a joint venture Ankang Baicheng Real Estate Co., Ltd ("Baicheng Real Estate") at a total consideration of RMB10,000,000.

On 1 February 2023, the acquisition was completed and the Group obtained control over the operation of Baicheng Real Estate. After the acquisition, the Group owned 100% equity interests in Baicheng Real Estate. Baicheng Real Estate is principally engaged in real estate development and operation.

The Group elected to apply optional concentration test in accordance with IFRS 3 *Business Combination* and concluded that the properties under development were considered as a single identifiable asset. Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired was concentrated in the single identifiable asset and concluded that the acquired set of activities and assets was not a business.

The consideration of RMB10,000,000 is fully settled by the amount due from the Seller.

* The English name is for identification purpose only.

Assets acquired and liabilities recognised at the date of acquisition were as follow:

	RMB'000
<i>Assets</i>	
Other receivables and prepayments	30,744
Properties under development	699,106
Property, plant and equipment	445
Restricted bank deposits	5,691
Bank balances and cash	4,485
<i>Liabilities</i>	
Borrowings from the Group	(516,004)
Amount due to the Group	(118,823)
Trade and other payables	(70,126)
Contract liabilities	(15,518)
Net assets acquired	20,000
Net assets acquired attributable to:	
— owners of the Company	20,000

Cash inflow arising on acquisition of Baicheng Real Estate

	RMB'000
Cash and cash equivalents acquired	4,485

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. DISPOSAL/DERECOGNITION OF A SUBSIDIARY

For the year ended 31 December 2024

During the current year, the Group entered into a sale agreement to dispose its 100% equity interest in 西安市新城區光信小額貸款有限公司 Xi'an Xincheng District Guangxin Small Loan Co., Ltd.* ("Guangxin Loan") for a consideration of RMB111,240,000 that carried out a small loans business to an independent third party. The disposal was completed on 31 January 2024, on which the Group lost control over Guangxin Loan.

	As at 31 January 2024 RMB'000
Analysis of assets and liabilities over which control were lost:	
Bank balances and cash	1
Amount due from the Group	108,359
Net assets disposed of	108,360
Gain on disposal of a subsidiary:	
Considerations received in cash	29,970
Consideration receivable (included in "other receivables")	81,270
Gain on disposal	2,880
Net cash inflow arising on disposal:	
Cash consideration	29,970
Bank balances and cash disposed of	(1)
	29,969

* The English name is for identification purpose

For the year ended 31 December 2023

On 10 July 2023, one of the creditors of Paomashan lodged a filing to the People's Court of Kangding City, the PRC (the "Kangding People's Court") to liquidate Paomaoshan for default. On 5 September 2023, the Kangding People's Court appointed liquidation administrator to take over the control of Paomashan. As such, the directors of the Company assessed and concluded the Group lost control over Paomashan and Paomashan was derecognised as a subsidiary to the Group during the year ended 31 December 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. DISPOSAL/DERECOGNITION OF A SUBSIDIARY (Cont'd)

For the year ended 31 December 2023 (Cont'd)

Analysis of assets and liabilities over which control was lost:

	RMB'000
<i>Assets</i>	
Trade and other receivables and prepayments	40,694
Other current assets	3,898
Inventories	55,610
Deferred tax asset	22,136
Other intangible assets	226
Property, plant and equipment	575,766
Cash and cash equivalents	1,738
<i>Liabilities</i>	
Borrowings from the Group	(727)
Bank borrowing	(47,800)
Trade and other payables	(737,710)
Contract liabilities	(9,027)
Net liabilities derecognised	(95,196)

Loss on derecognition of a subsidiary

	RMB'000
Net liabilities derecognised	95,197
Derecognition of goodwill at Group level	(70,839)
Reversal of non-controlling interests	(14,158)
Impairment loss on receivables due from Paomashan	(265,851)
Loss on disposal	(255,651)

The Group recognised an impairment loss of receivables of approximately RMB265,851,000 during the year ended 31 December 2023, which represented the Group's best estimate after taking into consideration all the available facts. The receivables from Paomashan, net of the impairment loss, of RMB179,175,000 were recognised by the Group upon derecognition of the subsidiary and included in the other receivables as at 31 December 2023.

During the year ended 31 December 2024, based on Group's assessment on the status of the liquidation of Paomashan and legal advice, impairment loss of RMB33,754,000 has been made on the receivables from Paomashan. As at 31 December 2024, the receivables from Paomashan, net of the impairment loss, of RMB145,421,000 are included in the other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. DISPOSAL/DERECOGNITION OF A SUBSIDIARY (Cont'd)

For the year ended 31 December 2023 (Cont'd)

Loss on derecognition of a subsidiary (Cont'd)

During the year ended 31 December 2024, the liquidator set out several online public auctions of the qualifications of the potential investor for the reorganisation and was still unsold. On 27 December 2024, 康定市新綠川環保有限公司 Kangding New Lvchuan Environmental Protection Co., Ltd*. (hereinafter referred to as "New Lvchuan"), a subsidiary of the Group, entered into an investment agreement ("Investment Agreement") with the liquidator to acquire 100% equity interest of Paomashan at a consideration of RMB138,829,000. In January 2025, the Court approved the Investment Agreement and terminated the liquidation process of Paomashan. As at 31 December 2024 and up to the date these consolidated financial statements are authorised for issue, the acquisition has yet to be completed and is still subject to satisfaction of certain conditions precedent.

* The English name is for identification purpose.

42. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	3,680,909	2,668,325

43. SHARE-BASED PAYMENTS

The Company's current share option scheme was adopted pursuant to a resolution of board of directors passed on 31 March 2010 for the primary purpose of providing incentives to directors and eligible employees through the subscription of the Company's shares, and will expire 10 years after the date of grant ("Post-IPO Share Option Scheme").

The total number of shares in respect of options may be granted under the Post-IPO Share Option Scheme is not permitted to exceed 10% of the issued share capital of the Company as at 23 August 2010, which aggregated at 411,533,185 shares, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 21 days of the date of offer, upon payment of HKD1 per grant. Options may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall not be more than 10 years from the date of grant of options. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 23 March 2011, 22 March 2013, 24 March 2014 and 13 April 2015, the Company granted a total of 18,400,000 ("First Issuance"), 34,000,000 ("Second Issuance"), 52,100,000 ("Third Issuance") and 29,100,000 options ("Forth Issuance"), respectively, to directors, senior management and staff, and the estimated fair value of the four option issuances using the Black-Scholes option pricing model was approximately HKD1.04, HKD0.58, HKD0.41 and HKD0.56 at the respective grant date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. SHARE-BASED PAYMENTS (Cont'd)

The share options granted are exercisable within a period of 10 years after the corresponding vesting periods (4 years) succeeding the specific grant date of each individual tranche under a particular issuance, subject to the fulfilment of certain non-market performance condition, for example, the share options of a specific tranche would vest if the growth in profit after tax of the Group during the year ending on the vesting date (Year 1) equal or exceed 15% as compared to the previous financial year (Year 0). In the event when the growth is less than 15%, the share options will not be immediately forfeited and the vesting will delay until the compound growth in profit after tax of the Group in the following financial year (Year 2) equal or exceed 15% as compared to that of Year 0. Where profit after tax of the Group does not meet the growth requirements in both circumstances above, the share options of the said tranche will not vest.

Fair value of the share options

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate excluding non-market performance condition. Changes in variables and assumptions may result in changes in the fair value of the options.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

The following table disclose the details of the share options held by the employees (including the directors) and movements in such holdings during the years ended 31 December 2024 and 2023:

Year ended 31 December 2024

					Number of options ('000)				
					Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2024
Third Issuance	24 March 2014	Expired	24 March 2015 to 23 March 2024	HKD0.9 1	21,150	-	15,450	5,700	-
Forth Issuance	13 April 2015	3 months	13 April 2016 to 12 April 2025	HKD1.4 5	16,700	-	8,200	1,600	6,900
					37,850	-	23,650	7,300	6,900
Exercisable at the end of the year									6,900
Weighted average exercise price									HKD1.45

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. SHARE-BASED PAYMENTS (Cont'd)

Fair value of the share options (Cont'd)

Year ended 31 December 2023

					Number of options ('000)				
	Date of grant	Weighted average remaining contractual life	Exercise period of tranches under the issuance	Exercise price	Outstanding at 1.1.2023	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2023
Second Issuance	22 March 2013	Expired	22 March 2014 to 21 March 2023	HKD1.25	10,050	–	–	10,050	–
Third Issuance	24 March 2014	3 months	24 March 2015 to 23 March 2024	HKD0.91	21,900	–	–	750	21,150
Forth Issuance	13 April 2015	1 year 3 months	13 April 2016 to 12 April 2025	HKD1.45	24,700	–	–	8,000	16,700
					56,650	–	–	18,800	37,850
Exercisable at the end of the year									37,850
Weighted average exercise price									HKD1.15

During the year ended 31 December 2024, 23,650,000 share options were exercised at the weighted average exercise price of HKD1.10 per share or approximately RMB1.01 per share at the weighted average exchange rate of HKD1: RMB0.915 and 7,300,000 share options (2023: 18,800,000) were lapsed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44. RETIREMENT BENEFITS PLANS

The Group participate in the Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The MPF Scheme now requires the Group and its employees in Hong Kong to contribute 5% of the employees' monthly salary to the MPF Scheme subject to a monthly salary cap of HKD30,000.

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The subsidiary is required to contribute 20% of payroll costs to the retirement scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

All other subsidiaries paid for retirement benefit and other social securities according to the local regulations for their own employees.

The total expense recognised in the profit or loss of RMB63,966,000 (2023: RMB67,362,000) represents contributions paid or payable under the retirement benefit scheme.

45. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Companies	Nature of Balances/transactions	As at/ For the year ended 31 December 2024 RMB'000	As at/ For the year ended 31 December 2023 RMB'000
Anda International Logistics (DRC), Limited*	Trade receivables	89,327	74,869
Anda International Logistics (DRC), Limited*	Rental income	25,755	8,005
Anda International Logistics (DRC), Limited*	Transportation services provided to the Group	44,466	16,393

* The Group holds a 49% equity stake in the Anda International Logistics (DRC), Limited, which is insignificant to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

45. RELATED PARTY DISCLOSURES (Cont'd)

The Group has paid or payable to the key management for employee services. The key management includes directors (executive and non-executive) of the Company and senior management of the Group.

Key management compensation

	2024 RMB'000	2023 RMB'000
Salaries and allowances	11,614	10,803
Performance related bonus	–	4,232
Retirement benefits	148	120
	11,762	15,155

46. 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 RMB'000	2023 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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (borrowings and senior notes as detailed in Notes 31 and 33, respectively, offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity).

The directors of the Company review the capital structure on a semi-annual basis. In order to maintain or adjust the capital structure, the Group will balance its overall capital structure through adjusting the payment of dividends paid to shareholders, issuance of new shares or issue of new debt or the redemption of existing debt.

b. Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
— Loans and receivables at amortised cost (including cash and cash equivalents)	5,806,021	5,488,166
— Equity investment at FVTPL	36,217	37,128
Financial liabilities		
— Amortised cost	19,875,007	16,654,571

c. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, other deposits, restricted/pledged bank deposits, bank balances and cash, equity instrument at FVTPL, trade and other payables, other long-term payables, borrowings, and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rate risk. There has been no change to the Group's exposure to these risks or the manner in which it manages and measures the risk.

(i) Foreign currency risk

The Group undertakes transactions, mainly the issuance of senior notes and borrowings denominated in foreign currencies other than the functional currency of the group entities. Hence, exposures to exchange rate fluctuations arise.

The Group does not use derivative financial instruments to hedge its foreign currency risk. However, the Group monitors foreign currency exposure and will consider hedging significant exposure should the need arise. The carrying amounts of Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Market risks (Cont'd)

(i) Foreign currency risk (Cont'd)

	Liabilities		Assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The USD	6,066,375	4,324,193	621,807	411,013
Euros ("EUR")	–	1 4 0,388	2,805	1,199
	6,066,375	4,464,581	624,612	412,212
Other foreign currency (including HKD, MZN, ETB ("Ethiopian Birr"), and Singapore Dollar, etc.)	123,953	–	23,910	3,104
Total	6,190,328	4,464,581	648,522	415,316

The Group is mainly exposed to the fluctuation in USD against RMB.

The directors' assessment of the reasonably possible change in foreign exchange rate is 5% (2023: 5%) which is also the sensitivity rate used when reporting foreign currency risk internally to key management personnel. For a 5% weakening of RMB against the relevant foreign currencies, there will be a decrease in post-tax profit for the year of RMB204,171,000 (2023: RMB146,744,000) and there would be an equal but opposite impact on the profit or loss for the year for a 5% strengthen of RMB against relevant foreign currencies.

(ii) Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to loan receivables, pledged/restricted bank deposits, fixed-rate borrowings and senior notes (as detailed in Notes 24, 30, 31 and 33, respectively).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings (as detailed in Note 31) and bank balances (Note 30).

The Group does not have formal policies on managing interest rate risk. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure for variable-rate borrowings at the end of each reporting period. For variable-rate borrowings, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would be decreased/increased by approximately RMB5,443,000 (2023: RMB5,171,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS *(Cont'd)*

c. Financial risk management objectives and policies *(Cont'd)*

Market risks *(Cont'd)*

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group currently do not have any policy to manage the risk as the management is of the opinion that the equity price risk is insignificant to the Group and no sensitivity analysis is presented.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to its trade and other receivables, loan receivables, other deposits, bank balances, and restricted/pledged bank deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except for loan receivables and trade receivables backed by bills.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has formulated a defined trade credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from customers except for trade receivables backed by bills. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually for significant balances and balances with credit-impaired, and based on provision matrix for the remaining trade receivables as stated below.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a large number of cement sales customers and independent third parties.

The Group measures ECL allowance for most of its trade receivables using a provision matrix by debtors' aging because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Trade receivables arising from contracts with customers (Cont'd)

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2024 and 2023 within lifetime ECL. Debtors with significant and credit-impaired balances with gross carrying amounts of RMB594,446,000 (2023: RMB385,389,000) as at 31 December 2024 were assessed individually. The Group recognised expected credit loss amounted to approximately RMB88,875,000 (2023: RMB41,167,000) in respect of these balances.

As at 31 December 2024

	Average loss rate	Gross carrying amounts RMB'000
Current (not past due)	0.36%	389,343
1 to 90 days past due	1.09%	203,428
91 to 360 days past due	39.75%	275,833
Over 360 days past due	44.22%	60,898
		929,502

As at 31 December 2023

	Average loss rate	Gross carrying amounts RMB'000
Current (not past due)	0.59%	386,364
1 to 90 days past due	1.76%	200,747
91 to 360 days past due	41.43%	259,039
Over 360 days past due	46.59%	101,480
		947,630

The estimated loss rates are estimated based on historically observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort, such as economic data and forecasts published by governmental bodies and industrial information published by relevant institutions. At every reporting date, the historically observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 December 2024, the Group recognises an impairment allowance of RMB140,205,000 (2023: the Group recognised an impairment allowance of RMB160,411,000) based on the provision matrix.

The Group's trade receivables backed by bills represent the bills issued by banks and trust company with high credit ratings and therefore are considered to be low credit risk. The directors of the Company consider that ECL on trade receivables backed by bills was insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Loan receivables

Credit risk of loan receivables is monitored by the dedicated credit risk department of the Group responsible for the review and managing of credit risk for all corporate loan borrowers. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process aims to allow the Group to define the terms of the loans as well as assess the potential loss as a result of the risks to which it is exposed and take corrective action. The Group monitors credit risk of loan receivables regularly by reviewing changes in creditworthiness of the loan borrowers, past collection history, subsequent settlement of each loan borrower, and also relevant collaterals and guarantees as well as forward-looking information, in order to mitigate the risk of significant exposure from bad debts.

Credit risk is often greater when the loan borrowers are concentrated in one single industry or geographical location or have comparable economic characteristics. The loan borrowers of the Group are located in different provinces of the PRC and are from different industries. As the loan borrowers of the Group are widely dispersed and are engaged in different industries, there is no significant credit risk concentration within the Group's loan receivables.

The Group considers a loan receivable in default and therefore as "Loss" in internal credit rating for ECL calculations in all cases when there is evidence indicating the asset is credit-impaired. As part of a qualitative creditworthiness assessment of whether a loan borrower is in default, the Group also considers a variety of instances that may indicate the counterparties' unlikelihood to pay. When such events occur, the Group carefully considers whether the event should result in treating the loan borrower as in default and therefore assessed as "Loss" for ECL calculations or whether other internal credit rating is appropriate.

As at 31 December 2024, the Group recognised an impairment allowance of RMB242,900,000 (2023: RMB249,019,000) based on credit risk assessment for loan receivables.

Cash and cash equivalents and pledged/restricted bank deposits

The credit risks on cash and cash equivalents and pledged/restricted bank deposits are limited because the counterparties are reputational banks/financial institutions with high credit ratings internationally/locally.

Other receivables

Except for the credit-impaired other receivables, other receivables that is measured at amortised cost were considered of low credit risk, and thus the impairment provision recognised during the year was limited to 12m ECL. The management make periodic individual assessment on the recoverability based historical settlement records, past experience, quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 31 December 2024, the Group recognised an impairment allowance of RMB32,995,000 (2023: RMB1,190,000) based on credit risk assessment for other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS *(Cont'd)*

c. Financial risk management objectives and policies *(Cont'd)*

Credit risk and impairment assessment *(Cont'd)*

Other receivables *(Cont'd)*

In assessing the impairment under ECL model upon application of IFRS 9, the Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due date but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There has been significant increase in credit risk since initial recognition through information development internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficult and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The tables detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount		2023 Gross carrying amount	
					RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost								
— Loan receivables	24	N/A	Low risk	12m ECL	140,000		100,000	
			Doubtful	Lifetime ECL — not credit-impaired	311,500		573,900	
			Loss	Lifetime ECL — credit-impaired	199,800	651,300	212,896	886,796
— Trade receivables backed by bills	28	N/A	(note 2)	12m ECL	269,214	269,214	401,636	401,636
— Trade receivables	28	N/A	(note 3)	Lifetime ECL (provision matrix)	929,502		947,630	
			Watch list	Lifetime ECL (significant balances, individually assessed)	588,211		379,154	
			Loss	Lifetime ECL (credit-impaired)	6,235	1,523,948	6,235	1,333,019
— Other receivables	28	N/A	(note 1)	12m ECL	1,082,115		207,202	
				Lifetime ECL	242,963	1,325,078	990,969	1,198,171
— Cash and cash Equivalent (Bank balances)	30	N/A	(note 4)	12m ECL	1,157,136	1,157,136	902,002	902,002
— Pledged/restricted bank deposits	30	N/A	(note 4)	12m ECL	1,384,320	1,384,320	1,199,704	1,199,704

Notes:

1. Apart from trade receivables, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due RMB'000	Not past due RMB'000	Total RMB'000
2024			
Other receivables	242,963	1,082,115	1,325,078
2023			
Other receivables	207,202	990,969	1,198,171

2. The Group set different categories for customers settling with bills according to the internal credit rating assessment. The Group does not accept bills from customers with lower credit ratings.
3. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items by using a provision matrix, grouped by past due status.
4. These bank balances were placed in banks with good reputational banks internationally/locally.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	178,924	735	179,659
Changes due to financial instruments recognised as at 1 January 2023:			
— Transfer to credit-impaired	(5,895)	5,895	—
— Impairment losses recognised	13,605	—	13,605
— Impairment losses reversed	(73,041)	(375)	(73,416)
— Write-offs	—	(21)	(21)
New financial assets originated or purchased	81,751	—	81,751
As at 31 December 2023	195,344	6,234	201,578
Changes due to financial instruments recognised as at 1 January 2024:			
— Impairment losses recognised	71,406	—	71,406
— Impairment losses reversed	(153,525)	—	(153,525)
New financial assets originated or purchased	111,336	—	111,336
Foreign exchange realignment	(1,715)	—	(1,715)
As at 31 December 2024	222,846	6,234	229,080

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

	2024		2023	
	Increase/(decrease) in lifetime ECL (not credit-impaired) RMB'000	(credit-impaired) RMB'000	Increase/(decrease) in lifetime ECL (not credit-impaired) RMB'000	(credit-impaired) RMB'000
Trade debtors with gross carrying amount of RMB177,354,000 recognised at 1 January 2024 (2023: RMB321,558,000)	69,691	—	13,605	—
One trade debtor with a gross carrying amount of nil (2023: RMB5,895,000) defaulted and transferred to credit-impaired	—	—	(5,895)	5,895
Settlement in full of trade debtors with a gross carrying amount of RMB1,155,665,000 (2023: RMB932,476,000)	(153,525)	—	(73,041)	(375)
New trade receivables with gross carrying amount of RMB1,346,594,000 (2023: RMB1,011,461,000)	111,336	—	81,751	—

The following tables show reconciliation of loss allowances that has been recognised for loan receivables.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	4,896	81,984	165,934	252,814
Changes due to financial instruments recognised as at 1 January 2023				
— Transfer to credit-impaired	—	(3,692)	3,692	—
— Impairment losses recognised	—	5,426	24,105	29,531
— Impairment losses reversed	(4,896)	(45,919)	(21,334)	(72,149)
New financial assets originated or purchased	5,730	33,093	—	38,823
As at 31 December 2023	5,730	70,892	172,397	249,019
Changes due to financial instruments recognised as at 1 January 2024				
— Impairment losses recognised	1,029	16,242	15,750	33,021
— Impairment losses reversed	—	(30,996)	(10,847)	(41,843)
New financial assets originated or purchased	2,703	—	—	2,703
As at 31 December 2024	9,462	56,138	177,300	242,900

The average loss rate of loan receivables for the year is 37.3% (2023: 28.1%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Changes in the loss allowance for loan receivables are mainly due to:

	31 December 2024		
	Increase (decrease) in lifetime ECL		
	Increase (decrease) in 12m ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
Advance of new loan receivables with a gross carrying amount of RMB40,000,000 (2023: RMB411,600,000)	2,703	–	–
Settlement in full of loan receivables with a gross carrying amount of RMB241,300,000 (2023: RMB489,407,000)	–	(30,996)	(10,847)
Past due loan receivables with a gross carrying amount of RMB111,300,000 (2023: RMB786,796,000)	1,029	16,242	15,750
	3,732	(14,754)	4,903

	31 December 2023		
	Increase (decrease) in lifetime ECL		
	Increase (decrease) in 12m ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
Advance of new loan receivables with a gross carrying amount of RMB411,600,000 (2022: RMB101,600,000)	5,730	33,093	–
Settlement in full of loan receivables with a gross carrying amount of RMB489,407,000 (2022: RMB326,965,000)	(4,896)	(45,919)	(21,334)
Past due loan receivables with a gross carrying amount of RMB786,796,000 (2022: RMB985,446,000)	–	1,734	27,797
	834	(11,092)	6,463

During the year ended 31 December 2024, the Group recognised an impairment loss for other receivables of RMB31,805,000 (2023: RMB344,000) and the Group write off other receivables of nil (2023: nil). The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirement. The Group manages liquidity risk by maintaining adequate banking facilities and borrowing facilities, by continuing monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

In order to mitigate the liquidity risk, the Group regularly monitors its operating cash flows to meet its liquidity requirements in short and long term. The Group also monitors the utilisation of bank borrowings and senior notes and ensures compliance with relevant agreements covenants.

As at 31 December 2024, the Group has net current liabilities position of approximately RMB3,560,363,000. Given that (1) the Group has unused banking facility of approximately RMB1,082,482,000 as at 31 December 2024, which is available for drawdown and utilisation in the course of ordinary business; and subsequent to the reporting date, (2) the Group has obtained additional banking facilities of approximately RMB1,460,000,000, which is made available for the Group to utilise at the date of granting such facilities; (3) the Group had been in negotiation with certain financial institutions that have expressed intention to offer to the Group new banking facilities. The Group received banking facility proposals and/or letter of intent amounting to RMB4,729,622,000 from those financial institutions; (4) the Group had reached agreement with several suppliers for deferred payment arrangement and the amount of RMB430,676,000, which was originally classified as current liability, was successfully deferred beyond twelve months from 31 December 2024; and (5) 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. The directors of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. To the extent that interest payments are floating rate the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024							
Trade and other payables	-	6,780,014	394,310	114,553	-	7,288,877	7,288,877
Other long-term payables	2.84%	-	325,307	493,261	260,824	1,079,392	966,453
Borrowings							
— variable rates	4.08%	578,872	351,262	583,859	59,117	1,573,110	1,451,372
— fixed rates	7.09%	3,657,632	571,936	1,777,536	391,406	6,398,510	5,638,120
Dividend payables	-	60,370	-	-	-	60,370	60,370
Senior notes	4.95%	216,774	4,492,121	-	-	4,708,895	4,469,815
		11,293,662	6,134,936	2,969,209	711,347	21,109,154	19,875,007

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS (Cont'd)

c. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

	Weighted average interest rate %	Less than 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023							
Trade and other payables	–	4,419,703	288,048	197,301	–	4,905,052	4,905,052
Other long-term payables	4.45%	–	317,214	487,185	289,153	1,093,552	943,694
Borrowings							
— variable rates	4.50%	228,323	324,433	903,208	81,735	1,537,699	1,378,891
— fixed rates	4.91%	3,665,689	430,507	1,256,458	644,551	5,997,205	4,973,326
Dividend payables	–	129,415	–	–	–	129,415	129,415
Senior notes	4.95%	210,785	210,785	4,368,004	–	4,789,574	4,324,193
		8,653,915	1,570,987	7,212,156	1,015,439	18,452,497	16,654,571

d. Fair values of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purpose.

In estimating the fair value, the Group used market-observable data to the extent that is available.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and key inputs used).

Name	Fair value as at	Fair value hierarchy	Valuation techniques and key input(s)
	31/12/2024 RMB'000	31/12/2023 RMB'000	
Equity investment at FVTPL	36,217	37,128	Level 1 Quoted bid price in an active market

Fair value of the Group's financial assets that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

The fair value of the financial assets and liabilities recorded at amortised cost are determined in accordance with the generally accepted pricing model based on discounted cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Senior notes	Medium-term notes	Dividend Payables	Interest payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note)	RMB'000
At 1 January 2023	4,614,450	4,204,158	714,431	88,410	2,076	9,623,525
Financing cash flows	1,537,257	(210,175)	(749,000)	(385,656)	–	192,426
Non-cash financing activities:						
Interest expenses	249,653	220,676	34,569	–	39,145	544,043
Foreign exchange difference	2,636	109,534	–	(1,364)	–	110,806
Hyperinflation restatement	(3,979)	–	–	–	–	(3,979)
Derecognition of a subsidiary	(47,800)	–	–	–	–	(47,800)
Dividend tax withheld	–	–	–	(8,474)	–	(8,474)
Dividends declared	–	–	–	364,405	–	364,405
Dividend declared to a non-controlling shareholder	–	–	–	72,094	–	72,094
At 31 December 2023	6,352,217	4,324,193	–	129,415	41,221	10,847,046
Financing cash flows	584,054	(213,037)	–	(309,448)	–	61,569
Non-cash financing activities:						
Interest expenses	296,179	224,486	–	–	19,890	540,555
Foreign exchange difference	(142,958)	134,173	–	2,105	–	(6,680)
Dividends declared	–	–	–	125,094	–	125,094
Dividend declared to a non-controlling shareholder	–	–	–	113,204	–	113,204
At 31 December 2024	7,089,492	4,469,815	–	60,370	61,111	11,680,788

Note: Interest payables are included in trade and other payables (Note 32).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at the end of the reporting period are as follows:

Name of subsidiaries	Class of share held	Place of registration/ incorporation and operation	Paid up issued/ registered ordinary share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				2024	2023	
				Indirectly held		
West China BVI	Ordinary	British Virgin Islands	HKD7,800	100%	100%	Investment holding
Faithful Alliance Limited ("Faithful Alliance") 集誠有限公司	Ordinary	Hong Kong	HKD100	100%	100%	Investment holding
Shaanxi Yaobai 堯柏特種水泥集團有限公司	Ordinary	Shaanxi, PRC	RMB1,890,000,000	100%	100%	Production and sale of cement
Lantian Yaobai 西安藍田堯柏水泥有限公司	Ordinary	Shaanxi, PRC	RMB100,000,000	100%	100%	Production and sale of cement
Ankang Yaobai Cement Co., Ltd.* 安康堯柏水泥有限公司	Ordinary	Shaanxi, PRC	RMB345,000,000	100%	100%	Production and sale of cement
Hanzhong Yaobai Cement Co., Ltd.* 漢中堯柏水泥有限公司	Ordinary	Shaanxi, PRC	RMB135,000,000	100%	100%	Production and sale of cement
Mianxian 漢中勉縣堯柏水泥有限公司	Ordinary	Shaanxi, PRC	RMB140,000,000	100%	100%	Production and sale of cement
Xi'an Yaobai Material Co., Ltd.* 西安市堯柏物資有限公司	Ordinary	Shaanxi, PRC	RMB35,000,000	100%	100%	Purchase and sale of raw materials
Xixiang 漢中西鄉堯柏水泥有限公司	Ordinary	Shaanxi, PRC	RMB105,000,000	100%	100%	Production and sale of cement
Longqiao Yaobai 商洛堯柏龍橋水泥有限公司	Ordinary	Shaanxi, PRC	RMB125,000,000	100%	100%	Production and sale of cement
Xiushan Yaobai 商洛堯柏秀山水泥有限公司	Ordinary	Shaanxi, PRC	RMB20,000,000	100%	100%	Production and sale of cement

* The English name is for identification purpose.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of the Company's principal subsidiaries as at the end of the reporting period are as follows: (Cont'd)

Name of subsidiaries	Class of share held	Place of registration/ incorporation and operation	Paid up issued/ registered ordinary share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				2024	2023	
Jianghua 安康堯柏江華水泥有限公司	Ordinary	Shaanxi, PRC	RMB150,000,000	100%	100%	Production and sale of cement
Hancheng 韓城堯柏陽山莊水泥有限公司	Ordinary	Shaanxi, PRC	RMB150,000,000	80%	80%	Production and sale of cement
Luxin 和田魯新建材有限公司	Ordinary	Xinjiang, PRC	RMB200,000,000	100%	100%	Production and sale of cement
Hetian Yaobai 和田堯柏水泥有限公司	Ordinary	Xinjiang, PRC	RMB236,000,000	100%	100%	Production and sale of cement
Shifeng 陝西實豐水泥有限公司	Ordinary	Shaanxi, PRC	RMB100,000,000	100%	100%	Production and sale of cement
Fuping 陝西富平水泥有限公司	Ordinary	Shaanxi, PRC	RMB597,000,000	100%	100%	Production and sale of cement
Guizhou Linshan 貴州麟山水泥有限公司	Ordinary	Guizhou, PRC	RMB233,381,000	100%	100%	Production and sale of cement
Yili Yaobai 伊犁堯柏水泥有限公司	Ordinary	Xinjiang, PRC	RMB100,000,000	100%	100%	Production and sale of cement
Yaowangshan 銅川藥王山生態水泥有限公司	Ordinary	Shaanxi, PRC	RMB50,000,000	100%	100%	Production and sale of cement
Guangxin International Financial Leasing Co., Ltd.* ("Guangxin International") 光信國際融資租賃有限公司	Ordinary	Shaanxi, PRC	RMB420,000,000	100%	100%	Finance lease business
Guangxin Yili 光信(伊犁)融資租賃有限公司	Ordinary	Xinjiang, PRC	RMB200,000,000	100%	100%	Finance lease business
Zhonggang Logistics 西安中港智慧物流有限公司	Ordinary	Shaanxi, PRC	RMB30,000,000	100%	100%	Transportation

* The English name is for identification purpose.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of the Company's principal subsidiaries as at the end of the reporting period are as follows: (Cont'd)

Name of subsidiaries	Class of share held	Place of registration/ incorporation and operation	Paid up issued/ registered ordinary share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				2024	2023	
Pucheng Yaobai 蒲城堯柏特種水泥有限公司	Ordinary	Shaanxi, PRC	RMB150,000,000	100%	100%	Production and sale of cement
Shaanxi Fuda Mining Engineering Co., Ltd* 陝西富達礦山工程有限公司	Ordinary	Shaanxi, PRC	RMB40,000,000	100%	100%	Production and sale of cement
Shaanxi Fengsheng 陝西豐盛德遠實業有限公司	Ordinary	Shaanxi, PRC	RMB50,000,000	100%	100%	Production and sale of cement
Yaibai International Holding Limited (formerly known as West International Holding Limited) ("WIH Cement") 堯柏國際控股有限公司 (曾用名：西部國際 控股有限公司)	Ordinary	Hong Kong	HKD100	100%	100%	Investment holding
Xinyida Jiancai 陝西新意達建材產業發展有限公司	Ordinary	Shaanxi, PRC	RMB81,951,600	60%	60%	Sale of cement and related material
Xinyida Hengzhong 陝西新意達恒眾混凝土有限公司	Ordinary	Shaanxi, PRC	RMB35,000,000	60%	60%	Sale of cement and related material
Dugongo	Ordinary	Moçambique	MZN 100,000,000	60%	60%	Production and sale of cement and related material
Hongxing Glass Congo SARL ("Hongxing Glass")	Ordinary	Republic of Congo	XAF100,000,000	100%	100%	Production and sale of glass
Shangnan Hucongping Mining Development Co., Ltd.* 商南葫草坪礦業開發有限公司	Ordinary	Shaanxi, PRC	RMB11,960,766	100%	100%	Exploitation and sales of mines
Shaanxi Jinping Mining Co., Ltd. 陝西金平礦業有限公司	Ordinary	Shaanxi, PRC	RMB5,000,000	60%	60%	Exploitation and sales of mines
NCSC	Ordinary	Ethiopia	ETB833,210,000	62%	62%	Production and sale of cement and related material

* The English name is for identification purpose.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of the Company's principal subsidiaries as at the end of the reporting period are as follows: (Cont'd)

Name of subsidiaries	Class of share held	Place of registration/ incorporation and operation	Paid up issued/ registered ordinary share capital	Proportion of ownership interest/voting power held by the Company		Principal activities
				2024	2023	
Great Lake Cement	Ordinary	Democratic Republic of Congo	USD100	100%	100%	Production and sale of cement and related material
Baicheng Real Estate	Ordinary	Shaanxi, PRC	RMB10,000,000	100%	100%	Real estate development and operation
Andijan Western Holding Cement Co., Ltd. 安集延西部控股水泥有限公司	Ordinary	Uzbekistan	UZS425,645,600	77%	77%	Production and sale of cement and related material
SLN — Fabrica de Cimento e de Clinker de Benguela, S.A.(SLN) SLN 本格拉公司	Ordinary	Angola	AOA659,000,000	90%	90%	Production, manufacturing, and wholesale sales of gypsum board
WIH Rwanda Cement CO., Ltd 西部國際控股盧旺達水泥有限公司	Ordinary	Rwanda	RWF1,000,000	100%	100%	Green commodity concrete, precast components, prefabricated building research and development, design, production, construction, sales
Lemi National Cement PLC 萊米國家水泥有限公司	Ordinary	Ethiopia	ETB100,199,000	62%	62%	Production and sale of cement and related material

* The English name is for identification purpose.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

- (a) Except for West China BVI, Faithful Alliance, Dugongo, Hongxing Glass, NCSC, Great and Lake Cement, SLN, WIH Rwanda Cement CO., Ltd, LEMI NATIONAL CEMENT PLC, the above English names of the entities have not been registered with the authorities and are used throughout the consolidated financial statements for discussion only.
- (b) Other than Shaanxi Yaobai and Fuping which are wholly-owned foreign enterprises held directly by Faithful Alliance and Guangxin Yili, which is sino-foreign owned by Faithful Alliance and Guangxin International, all other subsidiaries established in the PRC are domestic companies held directly/indirectly by Shaanxi Yaobai.
- (c) None of the subsidiaries had issued any debt securities during the year.

Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of registration/ incorporation and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive expense (income) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				RMB'000	RMB'000	RMB'000	RMB'000
Hancheng Yaobai	Shaanxi, PRC	20%	20%	(11,594)	(4,668)	35,925	47,519
Dugongo	Moçambique	40%	40%	72,312	87,602	497,044	424,732
Xinyida Hengzhong	Shaanxi, PRC	40%	40%	(27,033)	381	7,168	55,785
NCSC	Ethiopia	38%	38%	(534,319)	176,995	598,163	1,224,104
Individually immaterial subsidiaries with non-controlling interests				255,746	(5,679)	410,008	132,365
Total				(244,888)	254,631	1,548,308	1,884,505

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

Hancheng Yaobai

Summarised financial information of Hancheng Yaobai which have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 RMB'000	2023 RMB'000
Current assets	149,958	186,010
Non-current assets	115,393	172,291
Current liabilities	85,724	81,708
Non-current liabilities	–	39,000
Equity attributable to owners of the Company	143,702	190,074
Non-controlling interests	35,925	47,519
	2024 RMB'000	2023 RMB'000
Revenue	128,201	179,451
Expenses	(186,171)	(202,790)
Loss and total comprehensive expense for the year	(57,970)	(23,339)
Loss and total comprehensive expense attributable to:		
— owners of the Company	(46,376)	(18,671)
— non-controlling interests	(11,594)	(4,668)
Net cash inflow from operating activities	56,639	23,398
Net cash outflow from investing activities	(23,828)	(43,639)
Net cash (outflow) inflow from financing activities	(51,979)	39,924
Net cash (outflow) inflow	(19,168)	19,683

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

Dugongo

Summarised financial information of Dugongo which have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 RMB'000	2023 RMB'000
Current assets	826,324	565,113
Non-current assets	2,939,229	2,967,114
Current liabilities	617,997	1,381,704
Non-current liabilities	1,904,945	1,088,694
Equity attributable to owners of the Company	745,567	637,097
Non-controlling interests	497,044	424,732

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

Dugongo (Cont'd)

	2024 RMB'000	2023 RMB'000
Revenue	1,009,237	979,052
Expenses	(849,699)	(768,896)
Profit attributable to:		
— owners of the Company	95,723	126,094
— non-controlling interests	63,815	84,062
Profit for the year	159,538	210,156
Other comprehensive income attributable to:		
— owners of the Company	12,745	5,310
— non-controlling interests	8,497	3,540
Other comprehensive income for the year	21,242	8,850
Total comprehensive income attributable to:		
— owners of the Company	108,468	131,404
— non-controlling interests	72,312	87,602
Total comprehensive income for the year	180,780	219,006
Net cash inflow from operating activities	114,760	232,772
Net cash outflow from investing activities	(199,151)	(103,871)
Net cash inflow (outflow) from financing activities	94,999	(147,713)
Net cash inflow (outflow)	10,608	(18,812)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

Xinyida Hengzhong

Summarised financial information of Xinyida Hengzhong which have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 RMB'000	2023 RMB'000
Current assets	114,151	201,499
Non-current assets	23,810	10,139
Current liabilities	120,042	72,175
Equity attributable to owners of the Company	10,751	83,678
Non-controlling interests	7,168	55,785
	2024 RMB'000	2023 RMB'000
Revenue	81,620	99,705
Expenses	(149,205)	(98,753)
(Loss) profit and total comprehensive (expense) income for the year	(67,585)	952
(Loss) profit and total comprehensive (expense) income attributable to:		
— owners of the Company	(40,552)	571
— non-controlling interests	(27,033)	381
Dividends declared to non-controlling interests	21,582	—
Purchase of non-controlling interests	—	7,140
Net cash inflow from operating activities	8,681	2,697
Net cash inflow (outflow) from investing activities	287	(113)
Net cash outflow from financing activities	(251)	(4,258)
Net cash inflow (outflow)	8,717	(1,674)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

NCSC

Summarised financial information of NCSC which have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 RMB'000	2023 RMB'000
Current assets	996,246	1,984,133
Non-current assets	3,258,089	2,222,404
Current liabilities	1,957,010	443,559
Non-current liabilities	723,627	542,500
Equity attributable to owners of the Company	975,535	1,996,374
Non-controlling interests	598,163	1,224,104

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (Cont'd)

NCSC (Cont'd)

	2024 RMB'000	2023 RMB'000
Revenue	610,219	1,320,232
Expenses	(354,648)	(819,501)
Profit attributable to:		
— owners of the Company	158,428	310,403
— non-controlling interests	97,143	190,328
Profit for the year	255,571	500,731
Dividends declared to non-controlling interests of NCSC	91,622	72,094
Other comprehensive expense attributable to:		
— owners of the Company	(1,029,841)	(21,745)
— non-controlling interests	(631,462)	(13,333)
Other comprehensive expense for the year	(1,661,303)	(35,078)
Total comprehensive (expense) income attributable to:		
— owners of the Company	(871,413)	288,658
— non-controlling interests	(534,319)	176,995
Total comprehensive (expense) income for the year	(1,405,732)	465,653
Net cash inflow from operating activities	385,411	449,164
Net cash outflow from investing activities	(754,800)	(894,919)
Net cash inflow (outflow) from financing activities	389,308	(39,746)
Net cash inflow (outflow)	19,919	(485,501)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

50. EVENTS AFTER THE REPORTING PERIOD

Other than the matters set out in Notes 3 and 41 and the following acquisition, the Group had no material event after the end of the reporting period.

Acquisition of a majority equity interest in Cimenterie de Lukala SA ("CILU")

On 27 January 2025, WIH Cement, an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement with an independent party and its subsidiaries (collectively referred as the "Seller"), and the Company, pursuant to which WIH Cement conditionally agreed to acquire 1,574,904 shares of CILU (representing 91.02% of its issued share capital) for a consideration of USD3,700,069 (equivalent to approximately RMB27,006,000), subject to customary closing adjustments.

On the same day, WIH Cement entered into another agreement with the Seller conditionally agreed to assign certain loan receivables to WIH Cement for an amount of USD115,950,000 (equivalent to approximately RMB864,296,000), subject to agreed closing adjustments.

Up to the date these consolidated financial statements are authorised for issue, the acquisition has yet to be completed and is subject to satisfaction of certain conditions precedent. Details are set out in the announcement of the Company dated 27 January 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	1,700,742	1,700,742
Property, plant and equipment	36	65
Amounts due from subsidiaries	8,845,397	8,105,026
Equity investment at FVTPL	36,217	37,128
	10,582,392	9,842,961
Current assets		
Other receivables and prepayments	53,118	281,064
Cash and cash equivalents	128,587	126,650
	181,705	407,714
Current liabilities		
Amounts due to subsidiaries	241,922	241,230
Other payables	6	2,256
	241,928	243,486
Net current (liabilities) assets	(60,223)	164,228
Total assets less current liabilities	10,522,169	10,007,189
Non-current liability		
Senior notes	4,469,815	4,324,193
Net assets	6,052,354	5,682,996
Capital and reserves		
Share capital	142,261	141,837
Share premium and reserves	5,910,093	5,541,159
	6,052,354	5,682,996

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

Movements in reserves

	Share premium RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	1,354,026	22,724	3,475,844	4,852,594
Profit and total comprehensive income for the year	–	–	1,052,970	1,052,970
Exercise/lapse of share-based payments	–	(4,743)	4,743	–
Dividends recognised as distribution	(364,405)	–	–	(364,405)
At 31 December 2023	989,621	17,981	4,533,557	5,541,159
Profit and total comprehensive income for the year	–	–	470,592	470,592
Exercise/lapse of share-based payments	32,047	(14,922)	6,311	23,436
Dividends recognised as distribution	(125,094)	–	–	(125,094)
At 31 December 2024	896,574	3,059	5,010,460	5,910,093

Group Financial Summary

RESULTS

	2024 RMB'000	For the year ended 31 December			
		2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	8,344,946	9,020,901	8,489,135	8,002,791	7,131,052
Profit (loss) before tax	1,090,182	954,309	1,513,299	2,083,591	1,847,456
Income tax expense	(262,327)	(263,608)	(169,184)	(300,639)	(264,494)
Total comprehensive income (expense) for the year	(320,058)	624,332	1,308,402	1,871,582	1,579,410
Attributable to:					
Owners of the Company	(75,170)	369,701	1,190,988	1,640,021	1,556,928
Non-controlling interests	(244,888)	254,631	117,414	231,561	22,482
	(320,058)	624,332	1,308,402	1,871,582	1,579,410

ASSETS AND LIABILITIES

	2024 RMB'000	At 31 December			
		2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	36,289,921	32,902,850	30,239,253	26,648,351	18,906,232
Total liabilities	(22,473,436)	(18,734,900)	(16,847,502)	(14,856,724)	(8,379,015)
	13,816,485	14,167,950	13,391,751	11,791,627	10,527,217
Equity attributable to:					
Owners of the Company	12,268,177	12,283,445	12,031,353	11,313,548	10,330,802
Non-controlling interests	1,548,308	1,884,505	1,360,398	478,079	196,415
	13,816,485	14,167,950	13,391,751	11,791,627	10,527,217