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## CHINA SHANSHUI CEMENT GROUP LIMITED

中國山水水泥集團有限公司

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

(Stock Code: 691)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

#### SUMMARY

- Operating revenue for the first half of year 2025 amounted to approximately RMB5,553,891,000, representing a decrease of 15.4% as compared to the corresponding period of last year;
- Loss from operations for the first half of year 2025 amounted to approximately RMB175,395,000, as compared to a loss from operations of RMB500,932,000 for the corresponding period of last year;
- Loss attributable to equity shareholders of the Company for the first half of year 2025 amounted to approximately RMB250,247,000, as compared to a loss attributable to equity shareholders of the Company of RMB530,628,000 for the corresponding period of last year;
- Basic loss per share for the first half of year 2025 was RMB0.06.

The Board of Directors (the “**Board**”) of China Shanshui Cement Group Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with comparative unaudited financial data for the corresponding period of 2024. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been reviewed by the audit committee of the Board (the “**Audit Committee**”) and approved by the Board.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025 – Unaudited

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
<b>Revenue</b>	3(a)	<b>5,553,891</b>	6,566,739
Cost of sales		<u>(4,757,294)</u>	<u>(5,943,363)</u>
<b>Gross profit</b>		<b>796,597</b>	623,376
Other income	5	<b>68,540</b>	82,755
Reversal of impairment losses on trade receivables, net		<b>18,990</b>	20,591
Impairment losses on other receivables, net		<b>(29,620)</b>	(18,335)
Selling and marketing expenses		<b>(112,724)</b>	(133,209)
Administrative expenses		<b>(475,378)</b>	(558,034)
Other net expenses, gains and losses	6	<b>3,621</b>	(9,618)
Expenses incurred during off-peak suspension		<u><b>(445,421)</b></u>	<u>(508,458)</u>
<b>Loss from operations</b>		<b>(175,395)</b>	(500,932)
Finance costs	7(a)	<b>(86,325)</b>	(90,486)
Share of results of associates		<u><b>(8,810)</b></u>	<u>(3,801)</u>
<b>Loss before taxation</b>		<b>(270,530)</b>	(595,219)
Income tax expense	8	<u><b>(33,902)</b></u>	<u>(21,417)</u>
<b>Loss for the period</b>		<u><b>(304,432)</b></u>	<u>(616,636)</u>
Attributable to:			
Equity shareholders of the Company		<b>(250,247)</b>	(530,628)
Non-controlling interests		<u><b>(54,185)</b></u>	<u>(86,008)</u>
<b>Loss for the period</b>		<u><b>(304,432)</b></u>	<u>(616,636)</u>
<b>Loss per share</b>	10		
Basic (RMB)		<u><b>(0.06)</b></u>	<u>(0.12)</u>
Diluted (RMB)		<u><b>(0.06)</b></u>	<u>(0.12)</u>

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

For the six months ended 30 June 2025 – Unaudited

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Loss for the period</b>	<b><u>(304,432)</u></b>	<b><u>(616,636)</u></b>
<b>Other comprehensive (expense)/income for the period</b>		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation from functional currency to presentation currency	<u>(3,159)</u>	<u>4,867</u>
<b>Total comprehensive expense for the period</b>	<b><u>(307,591)</u></b>	<b><u>(611,769)</u></b>
Attributable to:		
Equity shareholders of the Company	(253,406)	(525,761)
Non-controlling interests	<u>(54,185)</u>	<u>(86,008)</u>
<b>Total comprehensive expense for the period</b>	<b><u>(307,591)</u></b>	<b><u>(611,769)</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – Unaudited

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		16,053,671	16,373,192
Right-of-use assets		2,274,778	2,228,055
Intangible assets		1,907,500	1,992,921
Goodwill		14,224	14,224
Other financial assets		20,340	20,051
Interests in associates		402,566	441,976
Deferred tax assets		357,222	355,449
Other long-term assets		792,040	746,214
		<u>21,822,341</u>	<u>22,172,082</u>
<b>CURRENT ASSETS</b>			
Inventories		2,062,878	1,906,613
Trade and bills receivables	11	1,546,192	1,557,819
Prepayments and other receivables	12	1,118,171	1,129,968
Tax recoverable		65,204	67,886
Restricted bank deposits	13	752,903	692,672
Fixed bank deposits		560,356	515,652
Bank balances and cash		2,058,263	2,179,627
		<u>8,163,967</u>	<u>8,050,237</u>
<b>CURRENT LIABILITIES</b>			
Bank loans – amount due within one year	14	3,869,470	3,797,750
Trade payables	15	3,220,729	2,966,434
Other payables and accrued expenses	16	2,071,867	2,073,275
Contract liabilities		456,074	307,181
Taxation payable		71,048	100,540
Lease liabilities		21,059	8,082
		<u>9,710,247</u>	<u>9,253,262</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,546,280)</u>	<u>(1,203,025)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,276,061</u>	<u>20,969,057</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – Unaudited

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Bank loans – amount due after one year	14	1,145,490	1,567,710
Long-term payables		566,786	572,618
Defined benefit obligations		131,310	131,310
Deferred income		342,134	352,602
Lease liabilities		146,370	63,278
Deferred tax liabilities		61,448	89,333
		<u>2,393,538</u>	<u>2,776,851</u>
<b>NET ASSETS</b>			
		<u>17,882,523</u>	<u>18,192,206</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	295,671	295,671
Share premium		8,235,037	8,235,037
Share capital and share premium		8,530,708	8,530,708
Other reserves		9,391,533	9,644,939
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>			
		17,922,241	18,175,647
Non-controlling interests		(39,718)	16,559
<b>TOTAL EQUITY</b>			
		<u>17,882,523</u>	<u>18,192,206</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025 – Unaudited*

## 1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting”, issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period taking into account various plans and measures. Measures that the Group has taken and is taking to manage its liquidity needs and improve its financial position include, but are not limited to, the following:

- (i) For borrowings of the Group, the management will actively negotiate with the banks before they fall due to secure their renewals. The directors of the Company do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group’s request. The directors of the Company have evaluated the relevant facts and circumstances available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity.
- (ii) The Group is implementing cost control measures in costs of sales and administrative expenses and other comprehensive policies so as to increase net operating cash inflows in coming years; and
- (iii) The Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims. In respect of some of the litigations, the directors of the Company are of the opinion that the Group has valid grounds to defend against the claims.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

## 2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

## Application of amendments to IFRS Accounting Standards

In the Reporting Period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”	Lack of Exchangeability
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Except as described below, the application of the amendments to a IFRS Accounting Standard in the Reporting Period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### ***2.1 Impacts on application of Amendments to IAS 21 “Lack of Exchangeability”***

#### *2.1.1 Accounting policies*

##### Foreign currencies

The Group assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If the Group 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. When a currency is not exchangeable into another currency at a measurement date, the Group estimates the spot exchange rate at that date. The Group'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.

When estimating the spot exchange rate, the Group may use an observable exchange rate without adjustment or other estimation techniques. For example, the techniques used by the Group may include:

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

#### *2.1.2 Transition and summary of impact*

The application of the amendments has no material impact on the Group's financial position and performance.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Sales of cement	<b>4,690,751</b>	5,358,386
Sales of clinker	<b>445,469</b>	621,177
Sales of concrete	<b>187,322</b>	348,070
Sales of other products	<b>230,349</b>	239,106
	<b><u>5,553,891</u></b>	<b><u>6,566,739</u></b>

The Group's revenues for the six months ended 30 June 2025 and 2024 were generated in the People's Republic of China (the "**PRC**"). Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

#### (b) Segment reporting

As the Group operates in a single business, which is the manufacturing and sale of cement, clinker, concrete and cement-related products in the PRC, the Group's risk and rates of return are affected predominantly by differences in the areas it operates.

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

- Shandong Province – subsidiaries operating and located in the Shandong Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.
- Northeastern China – subsidiaries operating and located in the Liaoning Province and Inner Mongolia Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker and other products.
- Shanxi Province – subsidiaries operating and located in the Shanxi Province and Shaanxi Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.
- Xinjiang Region – subsidiaries operating and located in the Kashi area of Xinjiang Uygur Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.



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

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

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

- Segment assets include all tangible and intangible assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- Segment results represent profits/(losses) earned/(incurred) by each segment without allocation of share of results of associates, gain on fair value changes of financial assets at fair value through profit or loss ("FVTPL"), gain on disposal of a subsidiary, unallocated other income, head office administrative expenses and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2025 and 2024 is set out below.

	2025					2024				
	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Total <i>RMB'000</i>	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June										
<b>Disaggregated by timing of revenue</b>										
Point in time	3,408,172	1,390,470	606,272	144,139	5,549,053	3,935,569	1,635,256	822,762	167,080	6,560,667
Over time	3,034	220	1,440	144	4,838	2,854	1,671	1,471	76	6,072
Revenue from external customers	3,411,206	1,390,690	607,712	144,283	5,553,891	3,938,423	1,636,927	824,233	167,156	6,566,739
Inter-segment revenue ( <i>note</i> )	195,322	661	2,924	–	198,907	309,899	21,923	1,532	–	333,354
<b>Reportable segment revenue</b>	<b>3,606,528</b>	<b>1,391,351</b>	<b>610,636</b>	<b>144,283</b>	<b>5,752,798</b>	<b>4,248,322</b>	<b>1,658,850</b>	<b>825,765</b>	<b>167,156</b>	<b>6,900,093</b>
<b>Reportable segment profit/(loss)</b>										
(adjusted profit/(loss) before taxation)	23,683	(23,938)	(98,009)	24,013	(74,251)	(239,757)	(152,491)	(102,599)	20,141	(474,706)
As at 30 June/31 December										
<b>Reportable segment assets</b>	<b>14,400,773</b>	<b>7,319,045</b>	<b>4,897,502</b>	<b>739,292</b>	<b>27,356,612</b>	<b>14,490,906</b>	<b>7,219,224</b>	<b>4,970,604</b>	<b>749,298</b>	<b>27,430,032</b>
<b>Reportable segment liabilities</b>	<b>6,818,080</b>	<b>1,262,805</b>	<b>733,839</b>	<b>52,975</b>	<b>8,867,699</b>	<b>6,501,949</b>	<b>1,067,904</b>	<b>727,019</b>	<b>34,157</b>	<b>8,331,029</b>

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

**(ii) Reconciliations of reportable segment loss**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss</b>		
Reportable segment loss	<b>(74,251)</b>	(474,706)
Elimination of inter-segment profit	<b>(91,060)</b>	(33,022)
Reportable segment loss derived from the Group's external customers	<b>(165,311)</b>	(507,728)
Share of results of associates	<b>(8,810)</b>	(3,801)
Gain on fair value changes of financial assets at FVTPL	<b>289</b>	9,202
Gain on disposal of a subsidiary	<b>–</b>	15,882
Unallocated other income	<b>12,763</b>	17,034
Unallocated finance costs	<b>(50,022)</b>	(51,409)
Unallocated head office administrative expenses ( <i>note</i> )	<b>(59,439)</b>	(74,399)
Consolidated loss before taxation	<b>(270,530)</b>	(595,219)

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

**4 SEASONALITY OF OPERATIONS**

The Group generally experiences higher cement demands in the second half of the year compared to the first half of the year due to construction season starting at the second quarter of each year. As a result, the Group typically reports lower revenue and results in the first half of the year.

**5 OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest income	<b>17,699</b>	25,569
Government grants ( <i>note</i> )	<b>38,970</b>	40,630
Amortisation of deferred income	<b>10,382</b>	6,412
Others	<b>1,489</b>	10,144
	<b>68,540</b>	82,755

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

## 6 OTHER NET EXPENSES, GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange gain/(loss)	4,613	(6,830)
Net loss from disposal of property, plant and equipment	(3,202)	(5,837)
Impairment losses on property, plant and equipment	–	(253)
Donations	(1,120)	(2,346)
Gain on fair value changes of financial assets at FVTPL	289	9,202
Gain on disposal of a subsidiary	–	15,882
Others	3,041	(19,436)
	<u>3,621</u>	<u>(9,618)</u>

## 7 LOSS BEFORE TAXATION

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

### (a) Finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	67,052	76,415
Interest on lease liabilities	7,077	1,292
Less: capitalised interest expenses <sup>(*)</sup>	(10,873)	(8,829)
Net interest expenses	63,256	68,878
Bank charges	10,933	13,914
Unwinding of discount	12,136	7,694
	<u>86,325</u>	<u>90,486</u>

\* The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 3.72% for the six months ended 30 June 2025 (six months ended 30 June 2024: 4.15%).

**(b) Other items**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of property, plant and equipment	<b>547,176</b>	561,669
Depreciation of right-of-use assets	<b>57,071</b>	42,472
Amortisation of intangible assets	<b>121,315</b>	99,802
	<hr/>	<hr/>
Total depreciation and amortisation	<b>725,562</b>	703,943
	<hr/> <hr/>	<hr/> <hr/>

**8 INCOME TAX EXPENSE**

Taxation in the condensed consolidated statement of profit or loss represents:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>The charge comprises:</b>		
<b>PRC Enterprise Income Tax (“EIT”):</b>		
Current tax	<b>61,865</b>	18,352
Under/(over) provision in respect of prior years	<b>1,695</b>	(1,583)
	<hr/>	<hr/>
	<b>63,560</b>	16,769
	<hr/>	<hr/>
<b>Deferred tax</b>	<b>(29,658)</b>	4,648
	<hr/>	<hr/>
	<b>33,902</b>	21,417
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) The Group’s PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% (six months ended 30 June 2024: 25%) unless otherwise specified.

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

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 revenue in that year. Subsidiaries, 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.

Concession rate of 20% were granted to the small and micro enterprises.

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

The Company and its subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (six months ended 30 June 2024: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for both periods.

## 9 DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 10 LOSS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>

Loss figures are calculated as follows:

Loss for the period attributable to owners of the

Company and loss for the purposes of basic and diluted  
loss per share

	<u>(250,247)</u>	<u>(530,628)</u>
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Number of shares:

Weighted average number of ordinary shares for the  
purposes of basic and diluted loss per share

	<u>4,353,966,228</u>	<u>4,353,966,228</u>
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The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise price of these share options was higher than the average market price of the shares for the periods ended 30 June 2025 and 2024. Such share options lapsed on 27 January 2025. Accordingly, the Company has no outstanding share options as at 30 June 2025.

## 11 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
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Bills receivables	514,992	401,765
Trade receivables	1,249,026	1,392,913
Less: allowance for credit losses	<u>(217,826)</u>	<u>(236,859)</u>
	<u>1,546,192</u>	<u>1,557,819</u>

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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within 3 months	548,718	529,985
3 to 6 months	82,283	219,833
6 to 12 months	247,085	165,381
Over 12 months	668,106	642,620
	<u>1,546,192</u>	<u>1,557,819</u>

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

Generally, the Group requires full payment upon delivery of goods for sales of cement, clinker and aerated bricks. Credit sales with general credit period of 30 to 60 days are allowed to selected customers with good credit histories and significant transaction amount. Settlement with bills receivables with maturity within three to six months is also acceptable. For sales of pipes and concrete, the Group allows a credit period ranging from 90 days to 180 days.

## 12 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Deposits	37,442	50,635
Prepayments for raw materials	238,582	226,538
Prepayments for utilities	86,647	83,730
VAT recoverable	349,478	321,600
Amounts due from related parties	14,301	23,583
Amounts due from third parties	339,380	376,532
Others	52,341	47,350
	<u>1,118,171</u>	<u>1,129,968</u>

## 13 RESTRICTED BANK DEPOSITS

Restricted bank deposits as at 30 June 2025 include RMB739,829,000 (31 December 2024: RMB687,169,000) of cash deposits pledged to banks to secure banking facilities granted to the Group and for the performance guarantee in relation to certain contracts of sales or purchases of cement, and RMB13,074,000 (31 December 2024: RMB5,503,000) of bank balances which have been frozen by the PRC Court pending the outcome of the legal proceedings initiated by the Group's creditors relating to certain sales or purchase contracts.

## 14 BANK LOANS

The analysis of the carrying amount of interest bearing bank loans is as follows:

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Notes</i>		
Bank loans		<b>4,227,960</b>	4,559,460
Bank loans under supplier finance arrangements	(i)	<b>787,000</b>	806,000
		<b>5,014,960</b>	5,365,460
Bank loans – Secured	(ii)	<b>911,210</b>	1,035,710
Bank loans – Unsecured		<b>4,103,750</b>	4,329,750
		<b>5,014,960</b>	5,365,460

*Notes:*

- (i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 10 and 360 days (31 December 2024: 10 and 360 days) after the loans are granted by the banks with interest rates ranging from 2.36% to 3.79% per annum (31 December 2024: 2.01% to 4.00% per annum). These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.
- (ii) These bank loans were secured by certain land lease prepayments with aggregate carrying amount of RMB129,796,000 (31 December 2024: RMB131,195,000), plants and buildings with an aggregate carrying amount of RMB356,117,000 (31 December 2024: RMB389,399,000) and pledged bank deposits of RMB685,000,000 (31 December 2024: RMB553,000,000).

As at 30 June 2025, there is no default in bank loans repayment.



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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within one year	3,869,470	3,797,750
After one year but within two years	1,116,440	1,032,440
After two years but within five years	29,050	535,270
	<u>5,014,960</u>	<u>5,365,460</u>

## 15 TRADE PAYABLES

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

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Within 3 months	1,724,622	1,342,437
3 to 6 months	406,159	597,414
6 to 12 months	391,989	292,355
Over 12 months	697,959	734,228
	<u>3,220,729</u>	<u>2,966,434</u>

As at 30 June 2025 and 31 December 2024, all trade payables of the Group were expected to be settled within one year.

As at 30 June 2025, certain suppliers and third parties have initiated lawsuits against the Group to demand immediate settlement of trade payables with a carrying amount of RMB14,210,000 (31 December 2024: RMB37,046,000) plus interest for late payment, if any.

The management is continuing to negotiate with the suppliers to settle these amounts out of court. No adjustments have been made to these condensed consolidated financial statements to accrue for any potential interest or other penalties that may arise through the Courts if the negotiations are not successful, as the directors of the Company consider that the eventual outcome of these litigations cannot presently be determined.

## 16 OTHER PAYABLES AND ACCRUED EXPENSES

		At 30 June 2025	At 31 December 2024
	Note	RMB'000	RMB'000
Accrued payroll and welfare		188,041	237,388
Taxes payable other than income tax payable		143,451	113,125
Staff compensation and termination provisions		51,055	51,286
Amount due to related parties		922,902	927,829
Payables to former shareholders of acquired subsidiaries		57,313	57,271
Acquisition consideration payables		26,937	26,937
Payables for acquisition of property, plant and equipment		43,505	44,085
Payables for mining rights	(ii)	62,406	62,310
Accrued expenses and other payables	(i)	576,257	553,044
		<b>2,071,867</b>	<b>2,073,275</b>

### Notes:

- (i) The amount mainly represents payable for mine management of RMB123,946,000 (31 December 2024: RMB123,946,000), contract guarantee deposits from suppliers of RMB130,387,000 (31 December 2024: RMB139,123,000), payables for equipment maintenance of RMB115,324,000 (31 December 2024: RMB121,205,000) and interest payables of RMB1,145,000 (31 December 2024: RMB4,727,000).

As at 30 June 2025, certain suppliers and third parties have lawsuits against the Group to demand immediate settlement of other payables with carrying amount of RMB2,728,000 (31 December 2024: RMB7,783,000) plus interest for late payment, if any.

- (ii) Included in the amount is the current portion of long-term payables for mining rights amounting to RMB62,406,000 (31 December 2024: RMB62,310,000). According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in PRC, “礦業權出讓收益征收辦法” (the “**Announcement**”), an entity is required to pay to the local government a transfer fee when acquiring the exploration right or mining right. The balance represented the amounts payable to the government in respect of such Announcement with repayments payable from 2025 to 2040 using a discount rate of 3.90% per annum.

## 17 SHARE CAPITAL

**30 June 2025 and 31 December 2024**  
**Number of**  
**shares**  
**RMB**  
**equivalent**  
*RMB'000*

Ordinary shares of the Company of USD0.01 each

### **Authorised:**

At 1 January 2024, 31 December 2024,  
1 January 2025 and 30 June 2025

10,000,000,000      701,472

### **Issued and fully paid:**

At 1 January 2024, 31 December 2024,  
1 January 2025 and 30 June 2025

4,353,966,228      295,671

## 18 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the condensed consolidated financial statements were as follows:

**At**  
**30 June**  
**2025**  
*RMB'000*

**At**  
**31 December**  
**2024**  
*RMB'000*

Capital expenditure in respect of the acquisitions of  
property, plant and equipment authorised and contracted  
for but not provided for in the condensed consolidated  
financial statements

691,971      1,085,833

## 19 CONTINGENT LIABILITIES AND OTHER EVENTS

### (a) Litigation contingencies

As at 30 June 2025, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contract of cement and other products with an aggregate amount of RMB31,761,000 (31 December 2024: RMB40,412,000), which claims have not yet been concluded. No provision for these litigation claims was made in these condensed consolidated financial statements during the six months ended 30 June 2025 as in the opinion of the directors of the Company, the possibility of an outflow of economic resources cannot be reliably determined.

### (b) Litigation in the Cayman Islands

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

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

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

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

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

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

On 19 March 2021, the Cayman Petition was served on CNBM and ACC. Thereafter, at a further hearing of the Summons on 16 July 2021, the Grand Court ordered that the Cayman Petition be treated as an inter-party proceeding between Tianrui, CNBM and ACC, save that the Company may also participate for the purpose of discovery and to be heard regarding the appropriate remedy should the Cayman Petition be granted. At the hearing, Tianrui conceded that the only relief it was seeking in the winding-up proceedings was the liquidation of the Company and was ordered to amend its Cayman Petition accordingly. The Grand Court also granted leave to Tianrui to amend the Writ to confine the relief it is seeking to declarations that (i) the exercise by the Company’s directors of the power to issue certain convertible bonds on or about 8 August and/or on about 3 September 2018 was not a valid exercise of the said power; (ii) the exercise by the directors on 30 October 2018 of the power to convert the aforesaid bonds and the power to issue new shares was not a valid exercise of the said powers; (iii) the exercise by the directors of the power to issue all other shares and securities in the Company after 1 August 2018 was not a valid exercise of the said power.

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

(c) **Litigation in Hong Kong**

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

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

In its Defence and Counterclaim filed on 3 January 2024, CSC Group denies on substantial grounds that Tianrui Group is entitled to claim for repayment of the Alleged Loans, and counterclaims against Tianrui Group for (and is therefore in any event entitled to set off the Alleged Loans against) damages and/or equitable compensation as a result of the unlawful means conspiracy committed by Tianrui Group and other parties with the intention of injuring CSC Group and its subsidiaries during the period from 2015 to 2018. CSC Group’s counterclaim in this action is substantially based on its claim against Tianrui Group and other parties in HCA 548 of 2019. Accordingly, CSC Group intends to apply for consolidation of this action with HCA 548 of 2019, and/or for the two actions to be heard together and/or one after the other before the same judge (the “**1013 Hearing Together Summons**”). All parties in HCA 548 of 2019 are neutral to the 1013 Hearing Together Summons, except Tianrui Group, Tianrui, Li Liufa and Ho Man Kay, Angela.

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group’s counterclaim in this action allegedly, inter alia, on the ground that CSC Group’s counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the “**1013 Strike-Out Summons**”). CSC Group considers that the application is baseless, and will contest strenuously. The substantive hearing of the 1013 Hearing Together Summons and the 1013 Strike-Out Summons, together with HCA 548 of 2019, took place on 30 April 2025 with judgment reserved and is expected to be delivered by the end of August 2025.

Other than the disclosure above, as at the date of this announcement, as far as the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operating Environment and Industry Overview**

In the first half of 2025, the cement industry in general showed the operating characteristics of “changelessly weak demand, gradually dropping prices, and year-on-year (“YOY”) improved benefits”. The demand during peak season was less than expected as compared with previous years, with insufficient starts in downstream projects and mixing plants and continuously weak market demand; besides, as affected by the unfulfillment implementation of staggered production during the peak season by certain companies, the unimplemented output based on the production capacity as approved, and the increased trans-regional price reduction impact, prices decline accelerated beyond expectations, including those, in many places, falling back sharply to a low level, resulting in increasing pressure on the companies in their operations.

#### **I. Demand side: Changelessly weak demand**

The cement market demand in the first half of 2025 continued the overall decline trend of the past three years, albeit at a slower rate. Affected by the profound real estate adjustments and the slowdown in the growth of national infrastructure investment, the lack of infrastructure capabilities and regional structural imbalance led to the cement industry facing continuous pressure. According to data from the National Bureau of Statistics, the cumulative cement output in China reached 815 million tonnes in the first half of 2025, representing a YOY decrease of 4.3%, which narrowed by 5.7 percentage points as compared with the same period the previous year.

According to data from the National Bureau of Statistics, in the first half of 2025, the national infrastructure investment (excluding electricity) increased by 4.6% year on year, 0.8 percentage point lower than the same period the previous year. The national real estate development investment was RMB4.67 trillion, with a YOY decrease of 11.2% and 1.1 percentage points higher than the same period the previous year. The construction area of residential houses by real estate development companies was 6,333 million square meters, representing a YOY decrease of 9.1%; the new construction area of residential houses by real estate development companies was 304 million square meters, representing a YOY decrease of 20%. Available funds to real estate development companies were RMB5.02 trillion, representing a YOY decrease of 6.2%.



## **II. Supply side: Production restrictions went from tight to loose, and inventories went from low to high**

In the first half of 2025, the implementation of staggered production in most provinces in east China, central and southern China region and southwestern China, other than Northeastern China, was insufficient, where production restrictions went from tight to loose and inventories went from low to high, coupled with the downturn in demand, further exacerbating the imbalance between supply and demand in the market and resulting in a predicament of “fail in staggered production”.

## **III. Price trend: Initially at high levels and gradually decreasing with an accelerated downturn**

In the first half of 2025, the cement market prices generally showed a trend of “initially at high levels and gradually decreasing with an accelerated downturn”. According to data from CCA Digital Cement, the average transaction price of the national cement market from January to June was RMB386/tonne, with a YOY increase of 5.4%. Specifically, the price trend in the first quarter fell slightly, and the overall performance was relatively stable. The domestic cement market demand slightly exceeded expectations, and companies effectively regulated supply and demand through staggered production. However, after entering the second quarter, prices continued to fall due to changes in market supply and demand, dropping RMB20/tonne quarter on quarter, a decline that exceeded market expectations. In particular, the price in June fell RMB30/tonne as compared with the same period the previous year, resulting in the companies’ cement prices in many places falling below the cost line, once again, the phenomenon of “excessive decline”.

The main factors contributing to the continuous decline in cement prices in the second quarter are as follows: firstly, there was a continuous decline in domestic cement market demand; secondly, there was a lack of contractions on the supply side of the cement market; and thirdly, there was a decline in coal prices and cost reduction.

## **IV. Benefits: Although losses were turned into gains in the first half of 2025, the pressure for the whole year was enormous**

In the first quarter, the industry achieved a solid start. Cement companies, driven by multiple factors, such as policy guidance, industry self-regulation, etc., have achieved stage-by-stage results in the “anti-involution” process. On the demand side, decline slowed down, with a YOY recovery of price, coupled with the decline in coal costs, leading to cost reduction, the cement industry achieved a turnaround in losses to profits as compared with the same period the previous year. In the second quarter, the demand during peak season was less than expected as compared with previous years, cement prices fell rapidly beyond expectations, including those, in many places, falling back sharply to a low level and even below the cost line, many cement prices fell below the enterprise cost line again, resulting in increasing pressure on the companies in their operations. The cement companies’ profitability showed a significantly weaker trend quarter on quarter.



The total profit of the cement industry for the first half of 2025 is expected to reach RMB15-16 billion, which is a remarkable turnaround compared with the industry-wide loss of RMB1.1 billion in the same period the previous year, mainly attributed to the decline in coal prices and the stage recovery of cement price in the first quarter. However, the industry situation has taken a sharp turn for the worse at the end of the second quarter. From June to July, the industry experienced “decrease in both volume and price”, a severe situation that caused the profitability advantage accumulated during the first half of 2025 to be rapidly eroded. The pressure on the industry’s profitability in the second half of 2025 will remain enormous, requiring companies to take more active countermeasures.

## **V. Imports and exports: significant increase in exports**

According to customs statistics, China’s cement exports from January to May 2025 amounted to 2.16 million tonnes, a YOY increase of 2.2%; clinker exports amounted to 1.01 million tonnes, a significant YOY increase of 365%. Increasing the cement export volume can be an effective way to ease the contradiction between supply and demand and “anti-involution”.

Looking ahead to the second half of 2025, cement demand will remain in a downward trend, with the lack of demand continuing until the end of the year. The industry’s profitability depends on changes in supply, and the price recovery is more dependent on the implementation of supply-side policies and the self-discipline of companies.

## **Company’s business review**

In the first half of 2025, the Group has been continuously committed to refining our fundamental internal management to enhance the quality of existing manufacturing operations and the sustainability of profits.

As at 30 June 2025, the Group had a total production capacity of 96.93 million tonnes of cement, 52.13 million tonnes of clinker and 20.10 million cubic meters of concrete.

During the Reporting Period, the Group’s total sales of cement and clinker were 19,594,000 tonnes, representing a YOY decrease of 20.4%; sales volume of concrete was 694,000 cubic meters, representing a YOY decrease of 39.2%; sales revenue was RMB5,553,891,000, representing a YOY decrease of 15.4%; and the loss for the period was RMB304,432,000, representing a YOY decrease of 50.6%.

## REVENUE

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

Region	January–June 2025		January–June 2024		Change of sales revenue
	Sales revenue <i>RMB'000</i>	Proportion	Sales revenue <i>RMB'000</i>	Proportion	
Shandong Region	3,411,206	61.4%	3,938,423	60.0%	-13.4%
Northeast China					
Operating Region	1,390,690	25.1%	1,636,927	24.9%	-15.0%
Shanxi Operating Region	607,712	10.9%	824,233	12.6%	-26.3%
Xinjiang Operating Region	144,283	2.6%	167,156	2.5%	-13.7%
Total	<u>5,553,891</u>	<u>100%</u>	<u>6,566,739</u>	<u>100.0%</u>	<u>-15.4%</u>

In the Reporting Period, the Group's revenue amounted to RMB5,553,891,000, representing a decrease of RMB1,012,848,000 or 15.4% from that of RMB6,566,739,000 for the corresponding period of 2024. The decrease in revenue was mainly attributable to the decrease in sales volume of cement which exceeded the increase in selling prices, resulting from the weak market demand in the period.

In respect of revenue contribution for the six months ended 30 June 2025, sales of cement and clinker accounted for 92.5% (2024: 91.1%) and the sales of ready-mix concrete accounted for 3.4% (2024: 5.3%).

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

Product	January–June 2025		January–June 2024		Sales revenue YOY change
	Sales revenue <i>RMB'000</i>	Proportion	Sales revenue <i>RMB'000</i>	Proportion	
Cement	<b>4,690,751</b>	<b>84.5 %</b>	5,358,386	81.6%	-12.5%
Clinker	<b>445,469</b>	<b>8.0 %</b>	621,177	9.5%	-28.3%
Concrete	<b>187,322</b>	<b>3.4 %</b>	348,070	5.3%	-46.2%
Others	<b>230,349</b>	<b>4.1 %</b>	239,106	3.6%	-3.7%
Total	<b><u>5,553,891</u></b>	<b><u>100 %</u></b>	<b><u>6,566,739</u></b>	<b><u>100.0%</u></b>	<b><u>-15.4%</u></b>

## COST OF SALES AND GROSS PROFIT

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity), depreciation and amortization and other overhead costs. During the Reporting Period, the Group's cost of sales was RMB4,757,294,000 (2024: RMB5,943,363,000). The decrease in cost of sales was mainly due to the YOY decrease in the external sales volume of cement and clinker and the decline in the prices of coal and electricity.

The gross profit for the six months ended 30 June 2025 was RMB796,597,000 (2024: RMB623,376,000), representing a gross profit margin of 14.3% on revenue (2024: 9.5%). The YOY increase in gross profit and YOY increase in gross profit margin were mainly due to the YOY decrease in clinker production costs as a result of YOY increase in cement prices and the decrease in coal prices.

## **FINANCIAL REVIEW**

### **Other income**

Other income decreased from RMB82,755,000 to RMB68,540,000, mainly due to the decrease in income from interests received during the period as compared with the same period of last year.

### **Other net expenses, gains and losses**

Other net expenses, gains and losses increased from a net loss of RMB9,618,000 to a net gain of RMB3,621,000, mainly due to a gain in foreign exchange in the period against a loss in foreign exchange in the same period of last year.

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

Selling and marketing expenses decreased from RMB133,209,000 to RMB112,724,000, representing a YOY decrease of 15.4%, which was mainly due to the decrease in sales volume of cement, resulting in a decrease in loading and unloading fees and sales and service fees in the period as compared with the same period of last year.

A YOY decrease of 14.8% from RMB558,034,000 to RMB475,378,000 was recorded in administrative expense, which was mainly due to the decrease in the number of employees, resulting in a decrease in employee emolument in the period as compared with the same period of last year, and the reduction of various expenses.

A YOY decrease of 4.6% from RMB90,486,000 to RMB86,325,000 was recorded in finance expense, which was mainly due to the decline in interest rates on borrowings in the period as compared with same period of last year.

### **Taxation**

Income tax expenses increased from RMB21,417,000 to RMB33,902,000, representing a YOY increase of 58.3%, which was mainly due to the increase in taxable income in the period as compared with the same period of last year.

### **Loss for the period**

During the Reporting Period, the Group recorded a net loss of RMB304,432,000, representing a decrease of RMB312,204,000 as compared with the same period of last year, which was mainly due to a YOY increase in cement prices, and varying degrees of reduction in expenses related to production, selling, administration and finance in the period.

## FINANCIAL RESOURCES AND LIQUIDITY

As of 30 June 2025, the total of the interest-bearing bank borrowings was RMB5,014,960,000, of which RMB3,869,470,000 will be due within 12 months from the end of the Reporting Period. The directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and believe that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest-bearing borrowings.

As of 30 June 2025, the total assets decreased by 0.8% to RMB29,986,308,000 (31 December 2024: RMB30,222,319,000), while total equity decreased by 1.7% to RMB17,882,523,000 (31 December 2024: RMB18,192,206,000).

As at 30 June 2025, bank balances and cash of the Group was RMB2,058,263,000 (31 December 2024: RMB2,179,627,000).

As at 30 June 2025, net gearing ratio of the Group was 14.2% (31 December 2024: 14.9%), each of which was calculated based on net debt and total equity as of 30 June 2025 and 31 December 2024. The decrease of gearing ratio was due to the decrease in bank borrowings and the decrease in total equity for the period.

### Cash flow

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

*(Unit: RMB'000)*

	<b>January–June 2025</b>	January–June 2024
Net cash flow generated from operating activities	<b>674,814</b>	209,713
Net cash flow used in investing activities	<b>(295,507)</b>	(518,544)
Net cash flow (used in)/generated from financing activities	<b>(496,731)</b>	474,494
Net change in cash and cash equivalents	<b>(117,424)</b>	165,663
Balance of cash and cash equivalents as at 1 January	<b>2,179,627</b>	2,254,037
Effect of foreign exchange rates change	<b>(3,940)</b>	3,356
Balance of cash and cash equivalents as at 30 June	<b><u>2,058,263</u></b>	<b><u>2,423,056</u></b>

## Net cash generated from operating activities

During the Reporting Period, the Group recorded a net cash generated from operating activities of RMB674,814,000, representing a YOY increase of RMB465,101,000, mainly due to a YOY increase in cement price in the period, resulting in an increase in cash receipts.

## Net cash used in investing activities

During the Reporting Period, the Group recorded a net cash used in investing activities of RMB295,507,000, representing a YOY decrease of RMB223,037,000, mainly due to the decrease in capital expenditure for the construction of new cement and clinker production lines and the purchase of equipment and mineral resource reserves in the period as compared with same period of last year.

## Net cash used in financing activities

During the Reporting Period, the Group recorded a net cash used in financing activities of RMB496,731,000, representing a YOY decrease of RMB971,225,000 mainly due to the repayment of bank loans in the period against an addition of bank loans in the same period of last year.

## Capital expenditures

During the Reporting Period, the capital expenditures were approximately RMB315,346,000, which were mainly used to pay for investments related to mineral resource reserves and new construction and technical transformation of cement and clinker production lines.

Outstanding capital commitments under relevant agreements not provided for in the financial statements as at 30 June 2025 were as follows:

*(Unit: RMB'000)*

	<b>30 June 2025</b>	<b>31 December 2024</b>
Authorised and contracted for		
– plant and equipment and intangible assets	<b>691,971</b>	1,085,833
Authorised but not contracted for		
– plant and equipment and intangible assets	<b>896,783</b>	1,093,908
Total	<b>1,588,754</b>	2,179,741

## Pledge of assets

Details in relation to pledge of assets of the Group as at 30 June 2025 are set out in note 14 to the announcement.

## **Contingent liabilities**

Details in relation to contingent liabilities of the Group as at 30 June 2025 are set out in note 19 to the announcement.

## **Human resources**

As at 30 June 2025, the Group had a total of 13,979 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

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

During the Reporting Period, the Group had no material acquisition or disposal.

## **Management of foreign exchange exposure**

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

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

## **OUTLOOK FOR THE SECOND HALF OF THE YEAR**

### **Operational situation analysis**

In the first half of the year, the overall performance of the cement industry was characterised by “weak demand, fluctuating prices and improving efficiency”. The cement prices are expected to rise in the second half of 2025, the industry is off to a good start and the production costs have fallen, leading to a marked improvement in efficiency, but the demand is still weak: investment in infrastructure grew by 4.6% YOY, while investment in property development fell by 11.2%, leading to a 4.3% YOY decline in cement production to 815 million tonnes. Competition within the industry has intensified, making it difficult to implement off-peak production and highlighting the problem of overproduction. Cement prices fell significantly in the second quarter, and the price of P-O42.5 cement dropped for the first time YOY in June by about RMB30 per tonne, with the industry facing a downward inflection point. In addition, based on the objective reality of the imbalance between the economic development of the south and the north of China, the competition for shares and prices of the northern cement enterprises is even more severe.



Looking ahead to the second half of the year, the fundamental reason affecting the industry and the efficiency of enterprises will still be serious overcapacity and the pressurised price system, and the favourable factor will be that the policy and the market are forming a two-way synergy, which will prompt the industry to return to the track of healthy development. Firstly, the “elimination of ‘rat race’ competition” related policy will be overweight, the newly amended Anti-Unfair Competition Law (《反不正當競爭法》) will add provisions on the fair competition review system, and the remediation of vicious competition will be gradually incorporated into the scope of the law, which will fundamentally guarantee the stability of the market operation. Secondly, supply and clearance will be accelerated. Combined with the relevant policy requirements, the industry will begin to investigate and rectify the mismatch of production capacity in the second half of the year, coupled with the enhancement of environmental protection standards, carbon emission reduction requirements and other rigid constraints, there will be substantial progress on “de-capacity” work. Thirdly, the industry’s self-rescue will continue to strengthen its efforts, which will help improve the supply-demand relationship in the short term. Fourthly, the super project will stimulate market vitality. With the trillion-scale hydropower project in the lower reaches of the Yarlung Zangbo River started, the cement industry will benefit directly, although there are certain regional restrictions on the demand side, the significant improvement of the local market is expected to transmit dividends in a wider range.

### **Company business outlook for the second half of the year**

- (I) **The Company plans to focus on cost reduction and efficiency enhancement and practice internal skills.** The Company will focus on the central work of enhancing efficiency, start from enhancing management efficiency and effectiveness, strengthen the precise benchmarking of each line, and actively explore the potential points of cost reduction and efficiency enhancement; the Company will plough into the regional market, vigorously implement the three marketing projects, unswervingly implement the off-peak production, persistently promote price stability and price resumption, and work together to stabilise the basic sales volume, so as to create a new situation in marketing; the Company will grasp the production centre, continuously optimise production organisation and on-site management, and maintain the best economic operation while keeping the bottom line of quality and safety intact. The Company will enhance the operational quality and efficiency of its supply chain, and further strengthen its support for cost reduction through multiple measures such as joint procurement, dynamic supplier selection and development of multimodal transport; the Company will keep a close eye on the safety of its cash flow, accurately control the management of controllable expenses and capital expenditure, and take the government’s action to clear outstanding accounts receivable from enterprises as an opportunity to specifically promote the disposal of accounts receivable and other accounts receivable.



- (II) **The Company plans to optimise its industrial layout.** The Company will actively promote the development of industrial agglomeration in strategic regions and target markets from different latitudes of resource positioning, market positioning and matching of industrial chains, i.e. on the basis of strengthening the clinker and cement business, the Company will vigorously promote the development of the upstream and downstream industrial chains through the construction of bases for aggregates, organic sand and high-performance concrete; and the Company will actively expand industrial co-operation, focusing on improving the sales terminals, expanding and consolidating the commercial mixing business in regions where it enjoys advantages, and enlarging the terminal market share.
- (III) **The Company plans to keep its essence and discard its dross.** The Company will scientifically assess the sustainable development capability of enterprises, implement enterprise-by-enterprise management of loss-making enterprises, use market-based means to shut down and eliminate enterprises with no hope of reversing losses, and promote the steady clearing of inefficient production capacity, so as to stop the bleeding point while enhancing the concentration of production capacity; the Company will classify and dispose of long-term blood-supplying enterprises, so as to resolve the burdens; the Company will continue to optimise its stock, enhance the reuse of idle assets, and revitalise idle assets through various means such as upgrading production, mergers and reorganisations, co-operation and asset leasing, etc., so as to better focus its resources and enhance its core competitiveness.
- (IV) **The Company plans to accelerate its innovative development.** The Company will firmly implement the concept of green development, continue to deepen the research and development and use of carbon reduction, carbon lowering and carbon sequestration technologies as well as clean energy substitution, steadily push forward the ultra-low emission renovation projects of the relevant enterprises, start the construction of alternative fuel processing bases in a timely manner, and construct and improve the carbon asset management system, so as to promote the development of green and low-carbon restructuring; the Company will accelerate the empowerment of digital and intellectual technologies, comprehensively promote the use of digitalised and intelligent technologies, and further integrate new technologies such as 5G, industrial internet and artificial intelligence into the entire process of lean production, management and operation to build smart factories and smart mines. The Company will further implement its human resources strategy, and co-ordinately promote the optimisation of its personnel and organisation from the perspective of improving per capita efficiency and facilitating the matching of staff and positions to improve the input/output ratio and work efficiency.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

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

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board is committed to maintaining good corporate governance standards.

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

Save as disclosed below, during the Reporting Period, the Board was not aware of any information which would indicate that the Company did not comply with the code provisions of the CG Code.

### **Chairman and Chief Executive Officer**

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

The Company did not appoint any Chief Executive Officer and, Mr. TENG Yongjun, the Chairman, undertook the responsibilities of the Chief Executive Officer. In allowing the two positions to be occupied by the same person, the Company has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the requisite knowledge, experience and leadership are difficult to identify. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by the Board which comprises experienced and high calibre individuals (including executive Directors and independent non-executive Directors).

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **REVIEW OF INTERIM REPORT AND RESULTS ANNOUNCEMENT BY AUDIT COMMITTEE**

The Audit Committee comprises the three independent non-executive Directors who reviewed the unaudited interim results and report of the Group for the six months ended 30 June 2025, and discussed with the Company’s management regarding risk management, internal control and other important matters.

## **RECENT DEVELOPMENTS**

No important event affecting the Group has occurred since 30 June 2025.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND REPORT**

This interim results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sdsunnsygroup.com>). The interim report of the Company for the six months ended 30 June 2025 will be despatched to the shareholders of the Company and published on the above websites in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to the Group's creditors, shareholders, customers and business partners for their great support, and all the Group's employees for their dedication and hard work.

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

Hong Kong, 11 August 2025

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