# Asia Cement (China) Holdings Corporation
# 亞洲水泥(中國)控股公司

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

**(Stock Code: 743)**

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

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 21% to RMB5,885,495,000 (2023: approximately RMB7,427,010,000).
- Loss attributable to owners of the Company was RMB263,682,000 (2023: Profit attributable to owners of the Company approximately RMB106,088,000).
- Basic loss per share amounted to RMB0.168 (2023: Basic earnings per share RMB0.068).
- The board of directors does not propose the distribution of a final dividend for the year ended 31 December 2024.

**THE FINANCIAL STATEMENTS**

The board (the "**Board**") of directors (the "**Directors**") of Asia Cement (China) Holdings Corporation (the "**Company**"), together with its subsidiaries (collectively, the "**Group**"), hereby announces the audited consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for 2023 as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**
*For the year ended 31 December 2024*

| | *NOTES* | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| Revenue | *3* | **5,885,495** | 7,427,010 |
| Cost of sales | | **(5,292,932)** | (6,356,723) |
| Gross profit | | **592,563** | 1,070,287 |
| Other income | *4* | **240,228** | 237,211 |
| Reversal of expected credit losses on trade and other receivables, net | | **11,342** | 66,843 |
| Other expenses, other gains and losses | *5* | **(28,520)** | (14,916) |
| Distribution and selling expenses | | **(348,967)** | (447,257) |
| Administrative expenses | | **(302,081)** | (337,779) |
| Share of losses of associates | | **(50,965)** | (22,136) |
| Share of losses of joint ventures | | **(4,431)** | (2,566) |
| Finance costs | | **(54,730)** | (78,056) |
| Profit before tax | | **54,439** | 471,631 |
| Income tax expense | *6* | **(317,004)** | (360,396) |
| (Loss) profit and total comprehensive (expense) income for the year | *7* | **(262,565)** | 111,235 |
| (Loss) profit and total comprehensive (expense) income for the year attributable to: | | | |
| Owners of the Company | | **(263,682)** | 106,088 |
| Non-controlling interests | | **1,117** | 5,147 |
| | | **(262,565)** | 111,235 |
| | | ***RMB*** | *RMB* |
| (Loss) earnings per share | | | |
| Basic | *9* | **(0.168)** | 0.068 |

**Consolidated Statement of Financial Position**
*As at 31 December 2024*

| | NOTES | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **5,791,017** | 6,112,737 |
| Quarry | | **764,349** | 825,620 |
| Right-of-use assets | | **695,026** | 722,655 |
| Investment properties | | **120,540** | 133,352 |
| Goodwill | | **554,241** | 554,241 |
| Intangible assets | | **2,536** | 3,158 |
| Interests in joint ventures | | **69,461** | 94,068 |
| Interests in associates | | **726,723** | 777,688 |
| Restricted bank deposits | | **9,113** | – |
| Deferred tax assets | | **158,953** | 139,633 |
| | | **8,891,959** | 9,363,152 |
| **CURRENT ASSETS** | | | |
| Inventories | *10* | **532,364** | 606,947 |
| Trade and other receivables | *11* | **910,230** | 893,986 |
| Financial assets at fair value through profit or loss ("**FVTPL**") | | **135,315** | 138,726 |
| Tax recoverable | | **3,529** | 6,005 |
| Amount due from an associate | | **3,956** | 6,057 |
| Amounts due from joint ventures | | **36,324** | 5,461 |
| Restricted bank deposits | | **280,802** | 6,016 |
| Bank balances and cash | | **8,883,071** | 9,256,549 |
| | | **10,785,591** | 10,919,747 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *12* | **1,037,109** | 825,163 |
| Amount due to a joint venture | | **19,458** | 22,515 |
| Amount due to an associate | | **256** | – |
| Tax payables | | **76,425** | 96,357 |
| Borrowings – due within one year | | **1,012,000** | 1,148,000 |
| Lease liabilities | | **6,975** | 6,464 |
| Contract liabilities | | **108,864** | 119,067 |
| Deferred income | | **2,097** | – |
| | | **2,263,184** | 2,217,566 |
| **NET CURRENT ASSETS** | | **8,522,407** | 8,702,181 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **17,414,366** | 18,065,333 |

| | NOTE | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings – due after one year | | **132,000** | 625,000 |
| Lease liabilities | | **87,746** | 89,940 |
| Provision for environmental restoration | | **64,628** | 53,972 |
| Deferred income | | **27,290** | – |
| Deferred tax liabilities | | **222,707** | 89,620 |
| | | **534,371** | 858,532 |
| **NET ASSETS** | | **16,879,995** | 17,206,801 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *13* | **140,390** | 140,390 |
| Reserves | | **16,374,538** | 16,702,461 |
| Equity attributable to owners of the Company | | **16,514,928** | 16,842,851 |
| Non-controlling interests | | **365,067** | 363,950 |
| **TOTAL EQUITY** | | **16,879,995** | 17,206,801 |

# Notes to the Consolidated Financial Statements

*For the year ended 31 December 2024*

## 1. GENERAL

Asia Cement (China) Holdings Corporation (the "**Company**") is a public limited company incorporated in the Cayman Islands on 7 April 2004 under the Companies Law (2003 Revision), Chapter 22 of the Cayman Islands. The shares of the Company have been listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 20 May 2008. The immediate and ultimate holding company is Asia Cement Corporation, a company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Portion of Unit B, 11th Floor, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company collectively the "**Group**") are manufacture and sale of cement, concrete and related products.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 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 IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[3] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature – dependent Electricity[3] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards – 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 for the new IFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the 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.

## 3. REVENUE

### (i) Disaggregation of revenue from contracts with customers

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| At a point in time recognition: | | |
| – Sales of cement products and related products | **5,735,672** | 7,241,675 |
| – Sales of concrete | **149,823** | 185,335 |
| Total | **5,885,495** | 7,427,010 |

### (ii) Performance obligations for contracts with customers

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

The Group sells cement products and related products and concrete directly to customers (including distributors).

Revenue is recognised when control of the goods has transferred, i.e. when the goods have been transferred out from the Group's warehouse (delivery). After leaving the warehouse, the customers and distributors have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 180 days for cement customers and 180 to 365 days for concrete customers upon delivery.

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

### (iii) Transaction price allocated to the remaining performance obligation for contract with customers

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

## 4. OTHER INCOME

| | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|
| Interest income on bank deposits | **189,080** | 189,193 |
| Solid waste treatment services | **18,756** | 2,396 |
| Sales of scrap and raw materials | **14,844** | 14,808 |
| Government grants: | | |
| – related to income | **7,389** | 24,123 |
| – related to assets | **1,943** | – |
| Rental income | **6,936** | 5,638 |
| Transportation fee income | **1,280** | 1,053 |
| | **240,228** | 237,211 |

## 5. OTHER EXPENSES, OTHER GAINS AND LOSSES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Penalties and related surcharge from tax and government authority | **(38,269)** | (8,852) |
| Losses on disposal/write-off of property, plant and equipment | **(23,626)** | (20,992) |
| Losses on fair value changes on investment properties | **(12,812)** | (790) |
| Exchange losses, net | **(5,437)** | (5,761) |
| Loss on disposal of investments in a joint venture | **(116)** | – |
| Losses on disposal/write-off of intangible assets | **(32)** | – |
| Loss on early termination of right-of-use assets and lease liabilities | **–** | (91) |
| Gain on fair value changes on financial assets at FVTPL | **51,772** | 21,570 |
| | **(28,520)** | (14,916) |

## 6. INCOME TAX EXPENSE

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current tax: | | |
| – PRC enterprise income tax ("**EIT**") | **101,785** | 163,245 |
| Over-provision in prior years in respect of PRC EIT | **(4,719)** | (3,242) |
| Deferred tax | **219,938** | 200,393 |
| | **317,004** | 360,396 |

The Company is not subject to income tax in the Cayman Islands or any other jurisdiction.

Neither provision for Hong Kong Profits Tax nor Singapore income tax has been made in the consolidated statement of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for both years.

During the year ended 31 December 2024 and 2023, pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC, the applicable tax rate of PRC subsidiaries is 25%, except for certain subsidiaries entitled to different preferential tax rates.

Pursuant to "The announcement on Continuation of Enterprise Income Tax Policy for Western Development" (the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission [2020] No. 23), Sichuan Yadong Cement Co., Ltd. ("**Sichuan Yadong**"), Sichuan Lanfeng Cement Co., Ltd. ("**Sichuan Lanfeng**") and Sichuan Ya Li Transportation Co., Ltd. were granted a tax concession to pay corporate income tax at a preferential rate of 15% from 1 January 2021 to 31 December 2030.

## 7. (LOSS) PROFIT FOR THE YEAR

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| (Loss) profit for the year has been arrived at after charging: | | |
| Depreciation and amortisation | | |
| – Property, plant and equipment | **660,053** | 734,033 |
| – Quarry | **61,271** | 64,441 |
| – Right-of-use assets | **35,504** | 34,850 |
| – Intangible assets | **1,427** | 1,456 |
| Total depreciation and amortisation | **758,255** | 834,780 |
| Less: Capitalised in inventories | **(671,351)** | (739,974) |
| | **86,904** | 94,806 |
| Staff costs, including directors' remuneration | | |
| Salaries and other benefits | **420,502** | 530,849 |
| Retirement benefits scheme contributions | **34,984** | 38,729 |
| Total staff costs | **455,486** | 569,578 |
| Less: Capitalised in inventories | **(351,168)** | (441,006) |
| | **104,318** | 128,572 |
| Impairment losses recognised on property, plant and equipment included in cost of sales | **88,319** | – |
| Auditors' remuneration | **6,000** | 6,000 |
| Cost of inventories recognised as expenses (including the provision for environmental restoration RMB23,144,000 (2023: RMB21,442,000)) | **5,204,613** | 6,356,723 |
| Gross rental income from investment properties | **1,358** | 1,311 |
| Less: direct operating expenses incurred for investment properties that generated rental income during the year | **(309)** | (306) |
| | **1,049** | 1,005 |

## 8. DIVIDENDS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividends for ordinary shareholders of the Company recognised as distributions during the year: | | |
| 2023 Final, paid – RMB4.1 cents (2023: 2022 Final, paid – RMB16.0 cents) per share | **64,241** | 250,696 |

The board of directors does not propose the distribution of a final dividend for the year ended 31 December 2024 (2023: RMB4.1 cents per share, amounting to approximately RMB64,241,000).

## 9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(Loss) earnings** | | |
| (Loss) earnings for the purposes of basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company) | **(263,682)** | 106,088 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share | **1,566,851** | 1,566,851 |

No diluted earnings per share is presented as the Company did not have any dilutive shares in issue during both years.

## 10. INVENTORIES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Spare parts and ancillary materials | **105,592** | 117,720 |
| Raw materials | **172,385** | 225,512 |
| Work in progress | **96,952** | 114,221 |
| Finished goods | **157,435** | 149,494 |
| | **532,364** | 606,947 |

## 11. TRADE AND OTHER RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables from contracts with customers | **502,005** | 546,159 |
| Less: Allowance for credit losses | **(203,671)** | (220,381) |
| | **298,334** | 325,778 |
| Other receivables | **44,910** | 32,258 |
| Less: Allowance for credit losses | **(9,552)** | (9,552) |
| | **35,358** | 22,706 |
| Bills receivables at FVTOCI | **230,699** | 72,366 |
| Notes receivables | **100,927** | 110,989 |
| Advances to suppliers | **92,737** | 125,362 |
| Interest receivable from banks | **77,943** | 159,193 |
| Refundable deposits | **38,750** | 36,872 |
| Prepayments for utilities | **26,741** | 7,247 |
| Value-added tax recoverable | **8,741** | 33,473 |
| | **910,230** | 893,986 |

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB374,280,000, net of allowance for credit losses of RMB287,693,000.

The Group has a policy of allowing a credit period of 30 to 180 days for cement customers and 180 to 365 days for concrete customers whereas longer credit terms are allowed to certain selected customers with good credit histories or settled by bills.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates:

| | **Cements** | | **Concrete** | | **Total** | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| 0–90 days | **116,130** | 143,223 | **28,433** | 35,273 | **144,563** | 178,496 |
| 91–180 days | **34,294** | 62,628 | **22,445** | 23,792 | **56,739** | 86,420 |
| 181–365 days | **45,729** | 42,156 | **19,439** | 17,619 | **65,168** | 59,775 |
| Over 365 days | **18,811** | – | **13,053** | 1,087 | **31,864** | 1,087 |
| | **214,964** | 248,007 | **83,370** | 77,771 | **298,334** | 325,778 |

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB64,540,000 (2023: RMB42,156,000) and RMB13,053,000 (2023: RMB1,087,000) for cement and concrete segment, respectively, which are past due as at the reporting date. Out of the past due balances, approximately RMB9,545,000 (2023: RMB14,080,000) for cement segment has been past due 90 days or more and is not considered as in default as the Group holds collateral over part of these balances in which the estimated value of collateral exceeds the overdue trade balances.

**Bills receivables at FVTOCI**

As part of the Group's cash flow management, the Group will discount bills receivables to financial institutions or endorse bills receivables to suppliers before the due for payment, and derecognise the discounted and endorsed bills receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties. Thus, bills receivables at FVTOCI are managed within a business model whose objective is both to collect the contractual cash flows and to sell. Therefore, these bills receivables were subsequently classified as debt instruments at FVTOCI upon adoption of IFRS 9.

The following is an aged analysis of bills receivables at FVTOCI, net of fair value remeasurement under the requirement of IFRS 9, at the end of the reporting period:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 180 days | **230,699** | 72,366 |

The bills receivables at FVTOCI are all issued by reputable banks of good credit quality. The management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

**Transfers of financial assets**

As at 31 December 2024 and 31 December 2023, the Group has transferred bank issued bills receivables to its suppliers to settle its payables and discounted some bills receivables to banks.

The Group considers the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant. In the opinion of the directors of the Company, the Group has transferred and does not retain substantially all the risks and rewards of ownership of these bank issued bills. Accordingly, the Group has derecognised these bank issued bills receivables and the payables to suppliers in their entirety.

As at 31 December 2024, the discounted bank issued bills and endorsed bank issued bills were RMB36,650,000 and RMB224,994,000 (2023: RMB9,027,000 and RMB329,152,000), respectively.

All the bank issued bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than one year.

**Notes receivables**

The following is an aged analysis of notes receivables presented based on the dates of notes issued by the customers:

| | Cements | | Concrete | | Total | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| 0–90 days | **51,827** | 56,169 | **–** | – | **51,827** | 56,169 |
| 91–180 days | **44,600** | 54,820 | **–** | – | **44,600** | 54,820 |
| 181–365 days | **4,500** | – | **–** | – | **4,500** | – |
| | **100,927** | 110,989 | **–** | – | **100,927** | 110,989 |

As at 31 December 2024, notes receivables are received amounting to RMB100,927,000 (2023: RMB110,989,000) with a maturity period of less than one year.

## 12. TRADE AND OTHER PAYABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **185,057** | 224,532 |
| Bills payables | **187,662** | – |
| Accruals | **117,025** | 68,865 |
| Mine reserve fund payable | **299,724** | 299,724 |
| Staff wages and welfare payable | **60,424** | 73,098 |
| Value added tax payable | **22,438** | 3,801 |
| Construction cost payable | **45,924** | 30,790 |
| Other taxes payable | **18,289** | 14,455 |
| Interest payable | **2,803** | 4,412 |
| Consideration payable for acquisition of a subsidiary in 2014 | **6,681** | 6,681 |
| Refundable deposits from suppliers | **58,317** | 66,788 |
| Other payables | **32,765** | 32,017 |
| | **1,037,109** | 825,163 |

The following is an aged analysis of trade payables presented based on the invoice dates:

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| 0–90 days | **174,070** | 159,722 |
| 91–180 days | **2,012** | 36,497 |
| 181–365 days | **1,329** | 14,739 |
| Over 365 days | **7,646** | 13,574 |
| | **185,057** | 224,532 |

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period for trade purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The following is an aged analysis of bills payables presented based on the invoice dates:

| | 2024 | 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| 0–90 days | **96,742** | – |
| 91–180 days | **90,920** | – |
| | **187,662** | – |

These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

## 13. SHARE CAPITAL

| | Number of shares | Amount | Shown in the consolidated financial statements as |
|---|---|---|---|
| | | *HK$'000* | *RMB'000* |
| Ordinary shares of HK$0.1 each | | | |
| Authorised: | | | |
| At 1 January 2023, 31 December 2023 and 2024 | 10,000,000,000 | 1,000,000 | |
| Issued and fully paid: | | | |
| At 1 January 2023, 31 December 2023 and 2024 | 1,566,851,000 | 156,685 | 140,390 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. 2024 BUSINESS REVIEW

#### (1) Macro Perspectives of China and the Industry

In 2024, the national economy had overcome various difficulties and challenges brought about by the complex internal and external environment with overall stable performance. The economy made good progress while maintaining stability. It had successfully achieved its main planned goals and objectives, which was no small feat. However, adverse impacts from the external environment intensified, domestic demand was insufficient, some companies encountered difficulties in their production and operations, employment and income growth were under pressure, and various risks and hidden challenges remained. In 2024, China's gross domestic product reached RMB135 trillion, representing a year-on-year increase of 5.0% (Source: National Bureau of Statistics). China ranked among the world's top major economies and was a key driver of global economic growth.

The national economy had made a good start since the beginning of the year. Pressure on the national economy increased in the second and third quarters. In the second half of the year, the implementation of existing policies and introduction of new ones greatly enhanced confidence and improved expectations. The national economy rebounded significantly in the fourth quarter. In 2024, China's fixed asset investment increased by 3.2% year-on-year; infrastructure investment increased by 4.4% year-on-year; manufacturing investment increased by 9.2% year-on-year; property development investment decreased by 10.6% year-on-year; total profit of industrial enterprises above designated size decreased by 3.3% year-on-year to RMB7.4 trillion. (Source: National Bureau of Statistics)

Although infrastructure investment recorded growth in 2024, its growth rate remained slow. Despite an overall positive growth in infrastructure, fixed asset investment in transportation declined significantly. The overall real estate market continued to show signs of adjustment, and the total cement demand for the year kept falling, exacerbating the industry supply-demand imbalance. Low-price cutthroat competition occurred frequently, resulting in a significant drop in industry profits. In the second half of the year, especially in the fourth quarter, the cement industry began to explore ways to counter involution. Profit improvement became the core focus of corporate strategies, while price war was eased. Coupled with the year-on-year decrease in the prices of major raw materials such as coal, the cement industry gradually resumed profitability. In 2024, the national cement output amounted to 1,830 million tonnes, representing a year-on-year decrease of 9.5% on a comparable basis; cement industry's profits were expected to be approximately RMB25 billion, representing a year-on-year narrowed decrease of approximately 20%. (Source: National Bureau of Statistics, Digital Cement)

In 2024, there were 11 cement and clinker production lines in China put into operation, with a total designed capacity of 14,740,000 tonnes, representing a year-on-year decrease of 43%; the progress of new lines put into operation fell behind schedule. (Source: China Cement Association Information Research Center)

**(2) Overview of the Group's business**

In 2024, affected by the decline in real estate investment and slowdown in infrastructure projects in the downstream sectors, the cement market demand continued the downward trend seen in the past two years, with prices generally characterized by "weak and volatile in the first half of the year and a gradual recovery in the second half". The development trend for the cement industry in the central and downstream regions of the Yangtze River and Sichuan region, being the two major markets in which the Group has key operating activities, is as follows:

A. In the central and downstream regions of the Yangtze River, cement demand recovered slowly after the Spring Festival and the market continued to be sluggish. The intensified competition among major manufacturers drove cement prices down to the cost line. In the second quarter, price increase in northern Jiangsu spread to the region, causing industry players in Southern Jiangsu to try to raise price; subsequently, the price increase extended to the entire central and downstream regions of the Yangtze River. However, due to weak demand fundamentals, the degree of price increases varied across regions, and cement price dropped quickly. In late May, coal prices rose and the implementation of the new national cement standard pushed up cement prices again. In June, factors such as college exams, festive holidays, and rainy weather negatively affected demand, causing cement prices once again eased and declined. The sluggish market continued in the third quarter. After a half-year "price war", a strong desire to improve business performance had arisen among industry players, who enhanced execution of staggered peak production and self-discipline. The market supply and demand imbalance had somewhat been eased. In September and October, industry inventories decreased and conditions for price recovery gradually improved. Major companies significantly pushed up cement prices. However, in the markets along the downstream region of the Yangtze River, the price increases were yet to be fully implemented due to increasing bargaining power of large customers against cement manufacturers, leading to a subsequent decline in cement prices along the downstream of the Yangtze River.

B. In the Sichuan region, most of the construction sites postponed their commencement after the Spring Festival, and market demand picked up slowly, leading to a continued decline in cement price throughout the first quarter. At the end of the first quarter, demand recovered to about 60% of normal levels. Industry players drove up prices to improve profitability, and the price increases were well implemented. In the second quarter, cement prices dropped under the pressure of low-priced cement from outside the region. In the subsequent third quarter, cement price exhibited a "weaker-than-usual low-season" trend and continued to fluctuate and decline. It was not until after August, when the weather turned better and demand improved, coinciding with imposition of power and production restrictions on nearby cement enterprises, that industry inventories gradually dropped to low levels. In September and October, the timing for price recovery became favourable and major industry players pushed through three consecutive rounds of price increase. Benefitting from the relatively well-implemented staggered peak production program, prices on the whole remained stable in the fourth quarter up until December. In early December, market demand was tapering off, while low-priced brands from outside continued to intensified their impact on the local markets. In order to secure shipment shares, industry players carried out price reductions and promotional activities, leading to multiple small declines in cement prices.

In 2024, affected by factors such as the bottoming-out adjustment in the real estate market and slowdown in the growth rate of infrastructure investment, cement market demand in the cities where the Group had strategic presence had significantly declined, while the sales volume of cement also decreased.

**Table 1: Total sales volume (Unit: '000 tonnes)**

| | **2024** | 2023 | Change *(%)* |
|---|---|---|---|
| Cement | **21,561** | 24,054 | (10.4) |
| Clinker | **2,391** | 2,039 | 17.3 |
| Blast-furnace slag powder | **209** | 135 | 54.8 |
| | **24,161** | 26,228 | (7.9) |

**Table 2: Sales volume of cement by region (Unit: '000 tonnes)**

| | **2024** | 2023 | Change *(%)* |
|---|---|---|---|
| Southeastern region | **12,397** | 13,604 | (8.9) |
| Central region | **3,254** | 3,820 | (14.8) |
| Southwestern region | **5,910** | 6,630 | (10.9) |
| | **21,561** | 24,054 | (10.4) |

**Table 3: Sales volume of high grade and low grade cement (Unit: '000 tonnes)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Sales volume** | **Percentage (%)** | Sales volume | Percentage (%) |
| High grade cement | **20,207** | **94** | 22,567 | 94 |
| Low grade cement | **1,354** | **6** | 1,487 | 6 |
| | **21,561** | **100** | 24,054 | 100 |

**Table 4: Sales volume of bagged and bulk cement (Unit: '000 tonnes)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Sales volume** | **Percentage (%)** | Sales volume | Percentage (%) |
| Bulk cement | **19,119** | **89** | 21,432 | 89 |
| Bagged cement | **2,442** | **11** | 2,622 | 11 |
| | **21,561** | **100** | 24,054 | 100 |

## Operating Results

### Revenue

The Group's principal business activities are manufacture and sale of cement, concrete and related products. As shown in the table below, for 2024, the Group's revenue amounted to RMB5,885,495,000, representing a decrease of RMB1,541,515,000 or 21% from RMB7,427,010,000 in 2023. The decrease in revenue was mainly attributable to the decrease in the average selling price of the Group's products during 2024.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | ***RMB'000*** | **%** | *RMB'000* | % |
| Southeastern region | **3,506,268** | **60** | 4,199,856 | 57 |
| Central region | **723,718** | **12** | 970,058 | 13 |
| Southwestern region | **1,655,509** | **28** | 2,257,096 | 30 |
| | **5,885,495** | **100** | 7,427,010 | 100 |

In respect of revenue contribution for 2024, sales of cement accounted for 83% (2023: 86%) and sales of concrete accounted for 2% (2023: 2%). The table below is a sales analysis by product for the reporting period:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | ***RMB'000*** | ***%*** | *RMB'000* | *%* |
| Cement | **4,875,970** | **83** | 6,362,330 | 86 |
| Clinker | **451,265** | **8** | 486,129 | 7 |
| RMC | **149,823** | **2** | 185,335 | 2 |
| Blast-furnace slag powder | **22,720** | **0** | 27,271 | 0 |
| Others | **385,717** | **7** | 365,945 | 5 |
| | **5,885,495** | **100** | 7,427,010 | 100 |

**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 costs), employee compensation and benefits, depreciation and amortisation and other overhead costs. In 2024, the Group's cost of sales decreased by approximately 17% to RMB5,292,932,000 from RMB6,356,723,000 in 2023 due to the decrease in coal cost.

The gross profit for 2024 was RMB592,563,000 (2023: RMB1,070,287,000), with a gross profit margin of 10% (2023: 14%). The decrease in gross profit was mainly attributable to the selling price of the Group's products declined and the decrease in coal cost compared with that of the previous year.

**Other Income**

Other income mainly comprises government grants, transportation fee income, interest income, solid waste treatment services and sales of scrap materials. For 2024, other income amounted to RMB240,228,000, representing an increase of RMB3,017,000 from RMB237,211,000 in 2023. The increase in other income was attributable to the increase in solid waste treatment services income.

**Other Expenses, Other Gains and Losses**

Other expenses, other gains and losses mainly comprise net foreign exchange loss, tax and government penalties and related surcharge, gain on fair value changes on financial assets at FVTPL, losses in fair value of investment properties and losses on disposal/write-off of property, plant and equipment. For 2024, other expenses, other gains and losses amounted to RMB28,520,000, representing an increase of RMB13,604,000 from RMB14,916,000 in 2023. The increase was principally attributable to gain on fair value change on financial assets at FVTPL, penalties and related surcharge from tax and government authority, losses on fair value changes on investment properties.

### Distribution and Selling Expenses, Administrative Expenses and Finance Costs

The distribution and selling expenses decreased from RMB447,257,000 in 2023 to RMB348,967,000 in 2024. Mainly attributable to a decrease in transportation fee of cement products during 2024.

Administrative costs, including employee compensation and benefits, depreciation expenses and other general office expenses, decreased by approximately 11%, from RMB337,779,000 in 2023 to RMB302,081,000 in 2024. Mainly attributable to a decrease in staff costs and taxation during 2024.

The 30% decrease in finance costs was mainly due to the decrease in bank borrowing and interest rate compared to 2023.

### Profit before Tax

As a result of the foregoing factors, the profit before tax for 2024 is RMB54,439,000, a decrease of RMB417,192,000 compared to 2023 (2023: profit of RMB471,631,000).

### Income Tax Expense

In 2024, income tax expense decreased by RMB43,392,000 or approximately 12% to RMB317,004,000, from RMB360,396,000 in 2023.

### Non-controlling Interests

In 2024, non-controlling interests amounted to RMB1,117,000, representing a decrease of RMB4,030,000 or approximately 78% compared with RMB5,147,000 in 2023, primarily due to a decrease in profit contribution from Jiangxi Yadong.

### (Loss) profit for the Year

For 2024, the net loss of the Group amounted to RMB262,565,000, representing a decrease of RMB373,800,000 from the profit of RMB111,235,000 in 2023.

## FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a strong financial position for the year ended 31 December 2024. Total assets decreased by approximately 3% to RMB19,677,550,000 (31 December 2023: approximately RMB20,282,899,000), while total equity decreased by approximately 2% to RMB16,879,995,000 (31 December 2023: approximately RMB17,206,801,000).

**Restricted Bank Deposits, Bank Balances and Cash**

As at 31 December 2024, restricted bank balances of RMB93,140,000 (2023: RMB6,016,000) were placed in restricted bank accounts in accordance with the applicable government regulations, while the guaranteed deposits of RMB187,662,000 (2023: nil) for bills payable was also placed in restricted bank accounts, both are classified as current assets. In additional, the deposits placed in restricted bank accounts of RMB9,113,000 (2023: nil) was related to security deposit maturing in 2026 and beyond, and therefore classified as non-current assets.

As at 31 December 2024, the Group's bank balances and cash amounted to approximately RMB8,883,071,000 (31 December 2023: RMB9,256,549,000), of which approximately 99% was denominated in RMB, with the remainder denominated in US dollars, Hong Kong dollars and Singapore dollars.

**Cash Flow**

The Group derived its cash inflow from operations primarily through the receipt of payments for the sale of its cement and concrete products. The Group's cash outflow from operations was used primarily for raw material purchases, payment for fuel and power, distribution costs and staff salaries. Cash generated from operating activities decreased from RMB1,531,770,000 in 2023 to RMB459,738,000 in 2024.

The Group's cash inflow from investing activities primarily consisted of interest income, proceeds on disposal of financial assets at FVTPL and proceeds from disposal of property, plant and equipment and asset-related government grants received. The Group's cash outflow from investing activities primarily consisted of increase investments in bank deposits with maturity of more than three months, purchases of property, plant and equipment. In 2024, cash used in investing activities of the Group amounted to RMB4,124,058,000 (2023: cash from RMB2,814,690,000).

In 2024, the cash used in financing activities of the Group amounted to RMB759,138,000 (2023: cash from RMB973,667,000). This was primarily due to repayments of bank borrowings.

**Capital Expenditure**

Capital expenditure for the year ended 31 December 2024 amounted to approximately RMB481,400,000 (31 December 2023: RMB310,078,000), and capital commitments as at 31 December 2024 amounted to approximately RMB228,732,000 (31 December 2023: RMB77,910,000). Both capital expenditure and capital commitments were mainly related to the purchases of plant and equipment for new production lines and the investment in a joint venture. The Group anticipates that such commitments will be funded by future operating revenue, bank borrowings and other sources of finance as appropriate.

## Borrowings

The Group's borrowings as at 31 December 2024 and 2023 are summarized below:

| | As at 31 December | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | ***RMB'000*** | **%** | *RMB'000* | % |
| Short-term borrowings | **1,012,000** | **88** | 1,148,000 | 65 |
| Long-term borrowings | **132,000** | **12** | 625,000 | 35 |
| Currency denomination | | | | |
| – RMB | **1,144,000** | **100** | 1,773,000 | 100 |
| Borrowings | | | | |
| – unsecured and unguaranteed | **1,144,000** | **100** | 1,773,000 | 100 |
| Interest rate | | | | |
| – fixed-rate RMB bank borrowings | **1,144,000** | **2.60% to 3.68%** | 1,493,000 | 3.31% to 4.45% |
| – variable-rate RMB bank borrowings | **–** | **N/A** | 280,000 | 3.55% to 3.78% |

As at 31 December 2024, the Group had unutilized credit facilities in the amount of RMB9,354,000,000.

As at 31 December 2024, the Group's gearing ratio was approximately 14% (31 December 2023: 15%). The calculation of the gearing ratio was based on total liabilities and total assets as at 31 December 2024 and 2023, respectively.

## Pledge of Assets

The Group did not have any pledge or charge on assets as at 31 December 2024.

## Contingent Liabilities

As at 31 December 2024 and up to the date of this announcement, the Board is not aware of any material contingent liabilities (31 December 2023: Nil).

**Human Resources**

As at 31 December 2024, the Group had 2,822 employees. The Group participates in retirement insurance, medicare, unemployment insurance and housing provident fund scheme according to the applicable PRC laws and regulations for its employees in the PRC. The Group remunerated its employees based on their work performance and experience. Remuneration packages are subject to review on a regular basis.

In addition, the Group also adopted the Share Option Scheme, under which eligible directors and employees are entitled to various share options to subscribe for the ordinary shares in the Company according to their past and potential contribution to the growth of the Group, on 27 April 2008. The Share Option Scheme was expired on 26 April 2018.

**Material Acquisition and Disposal of Subsidiaries and Affiliated Companies**

Save as disclosed in this announcement, the Group had no material acquisitions or disposals for the year ended 31 December 2024 (31 December 2023: Nil).

**Foreign Exchange Risk Management**

The Group's sales and purchases during the reporting period were mostly denominated in RMB.

RMB is not a freely convertible currency. Future exchange rates of RMB may vary significantly from the current or historical exchange rates as a result of controls imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally as well as the demand and supply of RMB. The appreciation or devaluation of RMB against foreign currencies may have an impact on the operating results of the Group.

The Group's management monitors foreign exchange exposure at any time and will consider hedging significant foreign currency exposure should the need arise.

## II. 2025 BUSINESS OUTLOOK

### (1) Industry Challenges

In 2025, the cement industry continues to face a difficult and challenging market environment, which is mainly reflected in the following:

First, the problem of insufficient cement market demand remains severe. On the aspect of the real estate sector, the Central Economic Work Conference in December 2024 stressed that "efforts will be continuously stepped up to reverse the downturn of and stabilise the real estate market". Driven by a number of major policies, the market is expected to continue to improve. However, it will be difficult to restore upfront investment in new construction and others in the short run, and cement demand from the real estate sector is likely to remain in a downward trend. Since efforts in policy execution will continue to be stepped up, the declining rate may be narrowed. With respect to infrastructure, benefiting from a more proactive fiscal policy, support from infrastructure will increase; however, in view of the local governments' debt pressure and changes in infrastructure investment structure, investment in transportation and municipal infrastructure, which is led by local governments and closely related to cement demand, may remain sluggish and unlikely to increase. It is expected that infrastructure in general have limited stimulus to cement demand in 2025.

Second, new capacities put into operation continue to decrease, but supply and demand imbalance remains severe. In 2024, there were 11 cement and clinker production lines put into operation across the country, 52 lines exit the market. At the end of the year, clinker capacities amounted to around 1,760 million tonnes, representing a net decrease of 23.52 million tonnes when compared to that of 2023. It is expected that there will be 8 planned new production lines (with production capacities of approximately 12 million tonnes) put into operation in 2025. With a continual decrease in the number of new production lines put into operation, the overall supply pressure will become controllable. Yet, against the backdrop of continued decline in cement demand, supply and demand imbalance will become more severe, increasing pressure on cement enterprises' efforts to drive price recovery. (Source: China Cement Big Data Research Institute)

Third, as the supply and demand imbalance in the cement industry has intensified in recent years, large customers' bargaining power increased, making it more difficult to raise price. Since big customers purchase in large quantities, they tend to occupy an important position in the market. The intensifying supply and demand imbalance in the existing cement market reinforces large customers' bargaining power, giving them more leverage in negotiations with cement manufacturers. In order to secure large orders, industry players offer preferential terms, making it more difficult to execute price increase or even drag down the price of neighbouring regional markets. Such will hinder cement enterprises in their efforts to improve their profitability.

Fourth, the average price of coal is likely to decline, and while this may reduce costs, it could also lead to more intense price competition in the market. In 2025, coal production capacity in mainland China increases noticeably, while imported coal is also expected to stay at high levels. Affected by the broader macroeconomic environment and the real estate sector, the production of steel, cement and other major coal-consuming industries will continue a downward trend. Coal demand is likely to remain weak, which is conducive to cement enterprises' efforts to reduce production costs. However, in view of the existing supply-demand dynamics, the cost-saving resulted from declining coal price may turn out to be an additional leverage for enterprises to compete on price, which makes the industry more prone to be "trapped in a low-price competition", and does not benefit market price stability.

**(2) Industry Trend**

Although the existing environment for cement supply and demand does not look promising, coopetition in the industry in 2024 did attract market attention.

In the first three quarters of 2024, cement market competition was fierce, with "involution" low-priced cutthroat competition taking place frequently. Cement price dropped and almost touched the cost line, demonstrating a significant downward trend of the average price. As a result, enterprises faced difficulties in production and operations, while industry's profits decreased sharply. Until the end of September, enterprises' awareness of self-rescue and self-discipline increased. Enterprises began to explore ways to counter "involution", gradually shifting from total competition to intensified cooperation, and stepped up efforts in executing staggered peak production. As price war was eased, cement price continued to rise, and industry restored profitability. It is expected that as enterprises continue to respond to the industry call for "anti-involution" in 2025, supply and demand imbalance is likely to improve. Although cement price in general for the whole year will remain at low levels, the market is expected to gradually return to normal. There will be fewer price fluctuations, and the industry is likely to continue to restore and improve profits. However, it must also be noted that should cement demand in 2025 turn weak unexpectedly, the differences between enterprises over price and market issues may widen, eventually leading to deterioration of their competitive relationship; cement price weakens again and the industry faces again a declining profit.

**(3) The Group's Business Outlook**

The Group expects property investment is likely not to record positive growth in 2025. With limited stimulus from infrastructure, cement demand will continue a downward trend. However, the awareness of "anti-involution" within the industry will prompt enterprises to enhance self-discipline and staggered peak production execution. The cement price trend for the whole year will be low at the beginning and then rise subsequently. The industry is expected to recover and achieve profitability.

Taking into account various factors including industry situation, market demand, etc, the Group's planned cement sales volume for 2025 will be similar to that of 2024.

In 2025, the Group will persist with the operational strategies of high efficiency, high quality, excellent service and high environmental protection. It will also enhance customer service efforts and customers experience. On the other hand, the Group will continue to leverage its integrated storage and transportation competitive edge to pursue cost reduction and efficiency improvement. At the same time, the Group will strengthen its data collection ability and market influence through a more efficient and professional business team. It will actively work in collaboration with the industry and participate in the intensifying market competition to consolidate its share in core markets, and create greater value for the country, society, shareholders and employees.

## EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the end of the reporting period.

## OTHER INFORMATION

### Final Dividend

The board of directors does not propose the distribution of a final dividend for the year ended 31 December 2024.

### Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 21 May 2025 to Monday, 26 May 2025, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 20 May 2025. The record date for determining the entitlement of the Shareholders to attend and vote at the meeting will be Monday, 26 May 2025.

### Corporate Governance

During the year ended 31 December 2024, the Company has complied with all of the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except for the following deviation.

Mr. LEE Kao-chao ("**Mr. Lee**") tendered his resignation as an independent non-executive Director, the chairman of the independence committee of the Board (the "**Independence Committee**") and a member of the audit committee of the Board (the "**Audit Committee**") with effect from 17 October 2024. The Board noted that following the resignation of Mr. Lee, since Mr. Lee was the independent non-executive Director who had the appropriate professional qualifications or accounting or related financial management expertise (the "**Relevant Qualifications**") under Rule 3.10(2) of the Listing Rules, the number of independent non-executive Directors fell below one-third of the Board as required under Rule 3.10A of the Listing Rules and there was no independent non-executive Director who possessed the Relevant Qualifications as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee fell below the minimum required number of three members and comprised no independent non-executive Director with the Relevant Qualifications as required under Rule 3.21 of the Listing Rules.

Mr. WU Chun-pang ("**Mr. Wu**") was appointed as an independent non-executive director, a member of each of the Independence Committee and the Audit Committee with effect from 1 January 2025. Mr. Wu possessed the Relevant Qualifications required under Rule 3.10(2) of the Listing Rules and confirmed that he had gained such expertise through his experiences. Following his appointment as an independent non-executive Director and a member of the Audit Committee, the Company met the requirements set out under Rules 3.10(2), 3.10A and 3.21 of the Listing Rules.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2024.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

**Audit Committee**

The Company established the Audit Committee on 27 April 2008 with written terms of reference in compliance with the CG Code as set forth in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee include the review of the financial reporting, risk management and internal control system of the Group. As of the date of this announcement, the Audit Committee comprises of Mr. HSU, Shu-tong who is a non-executive Director and Mr. TSIM, Tak-lung Dominic and Mr. WU, Chun-pang who are independent non-executive Directors. The Audit Committee is chaired by Mr. TSIM, Tak-lung Dominic.

The Audit Committee has reviewed together with the management and the external auditor of the Company the accounting principles and practices adopted by the Group and has also reviewed auditing, risk management and internal control and financial reporting matters, including the review of the annual results for the year ended 31 December 2024.

## Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors. The Company, having made specific enquiry with all Directors, confirms that its Directors had complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

## Purchase, Sale or Redemption of Listed Securities

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 (as defined under the Listing Rules)).

## Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.com.hk) and the Company (www.achc.com.cn). The annual report for the financial year ended 31 December 2024 of the Company will be published on the aforesaid websites in due course.

## Appreciation

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the reporting period.

By Order of the Board
**Asia Cement (China) Holdings Corporation**
**HSU Shu-tong**
*Chairman*

Hong Kong, 7 March 2025

*As at the date of this announcement, the executive Directors are Mr. HSU Shu-ping, Mr. CHANG Chen-kuen and Mr. LIN Seng-chang; the non-executive Directors are Mr. HSU Shu-tong (chairman), Mr. LEE Kun-yen, Mr. CHEN Ruey-long and Ms. WU Ling-ling; the independent non-executive Directors are Mr. TSIM Tak-lung Dominic, Mr. WANG Wei, Dr. WANG Kuo-ming and Mr. WU Chun-pang.*