西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

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

(Stock Code: 2233)

2025 Interim Results Announcement

FINANCIAL HIGHLIGHTS

RMB' Million (unless otherwise specified)	**Six months ended 30 June 2025 (Unaudited)**	Six months ended 30 June 2024 (Unaudited)	% Change
Total Cement and Clinker Sales Volume (million tons)	**10.82**	8.75	23.6%
Aggregates Sales Volume (million tons)	**2.23**	1.60	39.4%
Commercial Concrete Sales Volume (million cubic meters)	**0.63**	0.66	(4.6%)
Revenue	**5,418.3**	3,701.8	46.4%
Gross Profit	**1,627.0**	973.2	67.2%
EBITDA[(1)]	**1,846.7**	1,283.9	43.8%
Profit Attributable to Owners of the Company	**748.3**	386.9	93.4%
Basic Earnings Per Share	**13.7 cents**	7.1 cents	93.0%
Gross Profit Margin	**30.0%**	26.3%	3.7 ppt
EBITDA Margin	**34.1%**	34.7%	(0.6 ppt)

	30 June 2025 (Unaudited)	31 December 2024 (Audited)	% Change
Total Assets	**35,786.0**	36,289.9	(1.4%)
Net Debt[(2)]	**9,883.6**	9,017.9	9.6%
Net Gearing[(3)]	**69.0%**	65.3%	3.7 ppt
Net Assets Per Share	**262 cents**	253 cents	3.6%

Notes:

(1) EBITDA equals to profit before tax plus finance costs, depreciation and amortisation and net foreign exchange losses less impairment losses reversals, net fair value gains, interest income, gain on acquisition of a subsidiary and gain on modification of other long-term payables.

(2) Net debt equals to borrowings and senior notes less bank balances and cash and restricted/pledged bank deposits.

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

The board (the "Board") of directors (the "Directors") of West China Cement Limited (the "Company" together with its subsidiaries, the "Group") is pleased to announce the Group's interim results for the six months ended 30 June 2025 (the "Period") together with the comparative figures for the corresponding period of 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*2*	**5,418,323**	3,701,812
Cost of sales		**(3,791,314)**	(2,728,580)
Gross profit		**1,627,009**	973,232
Other income		**53,088**	61,677
Selling and marketing expenses		**(162,132)**	(86,583)
Administrative expenses		**(354,315)**	(318,435)
Other expenses		**(49,178)**	(36,223)
Other gains and losses, net		**140,636**	183,140
Impairment loss under expected credit loss model, net of reversal	*4*	**57,047**	(51,759)
Share of results of an associate		**(56)**	1,550
Interest income		**24,010**	24,631
Finance costs		**(272,266)**	(102,713)
Profit before tax		**1,063,843**	648,517
Income tax expense	*3*	**(168,701)**	(153,382)
Profit for the period	*4*	**895,142**	495,135

		Six months ended 30 June	
		2025	2024
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Other comprehensive (expense) income for the period			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(204,842)**	25,649
Total comprehensive income for the period		**690,300**	520,784
Profit for the period attributable to:			
— Owners of the Company		**748,262**	386,882
— Non-controlling interests		**146,880**	108,253
		895,142	495,135
Total comprehensive income attributable to:			
— Owners of the Company		**637,677**	404,999
— Non-controlling interests		**52,623**	115,785
		690,300	520,784
Earnings per share			
— Basic (RMB)	*5*	**0.137**	0.071
— Diluted (RMB)	*5*	**0.137**	0.071

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**22,396,789**	23,183,932
Investment properties		**94,358**	94,358
Right-of-use assets		**731,966**	758,758
Mining rights		**1,539,844**	1,734,848
Other intangible assets		**299,925**	358,579
Interest in an associate		**10,081**	10,137
Equity investments at fair value through profit or loss ("FVTPL")		**46,099**	36,217
Loan receivables	*6*	**172,908**	134,687
Deferred tax assets		**125,332**	131,498
Prepayments for right-of-use assets		**33,379**	34,087
Prepayments for mining rights		**9,500**	9,500
Deposits paid for acquisition of property, plant and equipment and mining rights		**269,257**	329,048
Other deposits		**120,583**	134,147
Pledged/restricted bank deposits		**131,628**	107,801
		25,981,649	27,057,597
Current assets			
Inventories		**1,686,136**	1,860,157
Properties under development		**574,273**	1,276,265
Properties for sale		**150,673**	–
Trade and other receivables and prepayments	*7*	**3,876,644**	3,388,534
Loan receivables	*6*	**138,364**	273,713
Pledged/restricted bank deposits		**834,704**	1,276,519
Cash and cash equivalents		**854,479**	1,157,136
		8,115,273	9,232,324
Assets classified as held for sale	*8*	**1,689,062**	–
		9,804,335	9,232,324

	Notes	**30 June 2025** *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Current liabilities			
Trade and other payables	*10*	**6,546,686**	7,501,250
Borrowings	*9*	**3,939,498**	3,917,111
Dividend payable		**236,052**	60,370
Contract liabilities		**518,123**	1,249,554
Deferred income		**5,491**	5,491
Income tax payable		**92,164**	58,911
		11,338,014	12,792,687
Liabilities directly associated with assets classified as held for sale	*8*	**160,903**	–
		11,498,917	12,792,687
Net current liabilities		**(1,694,582)**	(3,560,363)
Total assets less current liabilities		**24,287,067**	23,497,234
Non-current liabilities			
Borrowings	*9*	**3,367,459**	3,172,381
Asset retirement obligations		**393,799**	390,795
Deferred tax liabilities		**503,322**	511,040
Deferred income		**12,202**	15,437
Senior notes	*11*	**4,397,466**	4,469,815
Other long-term payables		**1,281,464**	1,121,281
		9,955,712	9,680,749
Net assets		**14,331,355**	13,816,485
Capital and reserves			
Share capital		**142,261**	142,261
Share premium and reserves		**12,578,245**	12,125,916
Equity attributable to owners of the Company		**12,720,506**	12,268,177
Non-controlling interests		**1,610,849**	1,548,308
Total equity		**14,331,355**	13,816,485

NOTES:

1. 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 application of certain accounting policies which became relevant to the Group in the current interim period, 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.

1.1 Significant transaction in the current interim period

Acquisition of Paomashan

On 27 December 2024, 康定市新綠川環保有限公司 Kangding New Lvchuan Environmental Protection Co., Ltd.* ("New Lvchuan"), a subsidiary of the Group, entered into an investment agreement ("Investment Agreement") with the liquidator to acquire 100% equity interest of 康定跑馬山水泥有限責任公司Kangding Paomashan Cement Co., Ltd.* ("Paomashan"). On 21 April 2025, the acquisition was completed and the Group obtained control over production and operation of Paomashan.

* *The English name is for identification purpose*

Disposal of companies and assets in Xinjiang

On 25 June 2025, the Group entered into a series of agreements to dispose of companies and assets in Xinjiang with a total consideration of RMB1,650,000,000. Further details are set out in Note 8.

1.2 Application of certain accounting policies which became relevant to the Group

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework" except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 Levies, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

Goodwill is measured as the excess of the sum of the consideration transferred over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Hyperinflationary economy in Ethiopia

Ethiopia (one of the foreign operations of the Group) is no longer identified as a hyperinflationary economy for reporting periods ending on or after 30 June 2025. As a result, the Group has ceased to prepare and present its financial statements prepared in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. The Group treats the amounts expressed in the current measuring units at the end of 31 December 2024 as the basis for the carrying amounts in the Group's subsequent financial statements.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Financial instruments

Modification of financial liabilities

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

1.3 Application of amendments to an *IFRS Accounting Standard*

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

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current interim 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.

1.4 Basis for preparation of condensed consolidated financial statements

As at 30 June 2025, the Group has net current liabilities position of approximately RMB1,694,582,000. The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future after considering the followings:

- as at 30 June 2025, the Group has unused banking facilities of approximately RMB2,031,026,000, which is available for drawdown and utilisation in the course of ordinary business;

- On 25 June 2025, the Group entered into a series of agreements to dispose of the Disposal Group with a total consideration of RMB1,650,000,000. The transaction have been completed on 15 August 2025 and the Group expects to receive consideration of RMB1,551,000,000, representing the first three instalments of the consideration as agreed under the respective agreements, within the next 12 months; and

- the Group expects to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future.

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

2. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of products and services		
Sales of cement and related products	**4,269,293**	3,462,906
Sales of properties	**797,169**	–
Provision of construction and installation service	**137,872**	2,520
Sales of plastics bags	**30,857**	33,110
Trading of cement-related raw materials	**20,330**	57,573
Sales of gypsum	**29,478**	20,422
Others	**133,324**	125,281
	5,418,323	3,701,812

Performance obligation for contracts with customers

Revenue except sales of properties

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

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

Sales of properties

The performance obligation is satisfied at a point in time. Revenue is recognised at the point in time when the property is accepted by the customer, or deemed as accepted according to the contract.

Operating Segments

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

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

1. The PRC markets

2. Overseas markets

(1) Segment revenue and results

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

For the six months ended 30 June 2025

	The PRC markets *RMB'000* (Unaudited)	Overseas markets *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)	Adjustments and eliminations *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
SEGMENT REVENUE					
External sales	**3,069,960**	**2,348,363**	**5,418,323**	**–**	**5,418,323**
Inter-segment sales	**63,844**	**–**	**63,844**	**(63,844)**	**–**
Total	**3,133,804**	**2,348,363**	**5,482,167**	**(63,844)**	**5,418,323**
SEGMENT PROFIT	**365,415**	**456,721**	**822,136**	**–**	**822,136**
Share of result of an associate					**(56)**
Fair value change on equity investments at FVTPL					**9,882**
Dividend income from equity investments at FVTPL					**1,427**
Impairment loss reversed in respect of other non-current assets					**94,292**
Loss (gain) on disposal of property, plant and equipment					**(919)**
Gain on acquisition of a subsidiary					**66,300**
Gain on modification of other long-term payables					**83,211**
Unallocated directors' emoluments					**(5,516)**
Unallocated central administrative costs					**(5,589)**
Unallocated legal and professional expenses					**(1,325)**
Profit before tax					**1,063,843**

For the six months ended 30 June 2024

	The PRC markets RMB'000 (Unaudited)	Overseas markets RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Adjustments and eliminations RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
SEGMENT REVENUE					
External sales	2,379,787	1,322,025	3,701,812	–	3,701,812
Inter-segment sales	17,438	–	17,438	(17,438)	–
Total	2,397,225	1,322,025	3,719,250	(17,438)	3,701,812
SEGMENT PROFIT	82,611	587,130	669,741	–	669,741
Share of result of an associate					1,550
Fair value change on equity investments at FVTPL					2,360
Dividend income from equity investments at FVTPL					1,087
Impairment loss recognised on goodwill					(7,644)
Impairment loss recognised on other non-current assets					(11,913)
Gain on disposal of property, plant and equipment					2,521
Gain on disposal of a subsidiary					2,880
Unallocated directors' emoluments					(5,700)
Unallocated central administrative costs					(5,010)
Unallocated legal and professional expenses					(1,355)
Profit before tax					648,517

(2) ***Segment assets and liabilities***

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

Geographical Information

Information about the Group's revenue from external customers is presented based on the geographical location of the markets.

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**3,069,960**	2,379,787
Africa		
— Ethiopia	**902,621**	374,599
— Mozambique	**656,528**	497,696
— Democratic Republic of Congo	**314,225**	253,460
— Other African countries	**304,352**	185,577
Others	**170,637**	10,693
	5,418,323	3,701,812

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

	30 June	31 December
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**8,624,223**	10,301,787
Africa		
— Democratic Republic of Congo	**5,283,716**	4,952,675
— Ethiopia	**4,294,930**	4,398,045
— Mozambique	**3,157,330**	3,238,624
— Other African countries	**2,394,863**	1,962,305
Others	**1,630,037**	1,659,811
	25,385,099	26,513,247

No single customer contributed 10% or more to the Group's revenue for both periods ended 30 June 2025 and 2024.

3. **INCOME TAX EXPENSE**

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC enterprise income tax	**45,130**	33,061
Mozambique profits tax	**66,125**	53,258
Ethiopia profits tax	**6,718**	33,718
Other jurisdictions	**39,361**	3,084
Withholding tax	**8,500**	12,645
	165,834	135,766
Under provision in prior years:		
Other jurisdictions	**8,031**	3,834
Deferred tax:		
Current period	**(5,164)**	13,782
Income tax expense	**168,701**	153,382

4. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**803,470**	627,797
Depreciation of right-of-use assets	**12,302**	10,524
Amortisation of mining rights	**6,589**	22,479
Amortisation of other intangible assets	**3,171**	2,945
Total depreciation and amortisation	**825,532**	663,745
Recognised in cost of sales	**(152,097)**	(134,056)
Capitalised in inventories	**(592,040)**	(457,476)
	81,395	72,213
Staff costs (including directors' emoluments)		
Salaries and allowances	**391,366**	343,985
Retirement benefits	**30,189**	30,002
Total staff costs	**421,555**	373,987
Recognised in cost of sales	**(40,631)**	(25,990)
Capitalised in inventories	**(200,198)**	(179,606)
	180,726	168,391
Net allowance for credit losses (reversed) recognised in respect of:		
Loan receivables	**(22,972)**	8,359
Trade receivables	**(34,075)**	9,647
Other receivables	**–**	33,753
	(57,047)	51,759
Donations (included in other expenses)	**3,921**	3,095

5. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share	**748,262**	386,882

	Six months ended 30 June	
	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,462,533**	5,447,429
Effect of dilutive potential ordinary shares from share options issued by the Company	**338**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,462,871**	5,447,429

The computation of diluted earnings per share for the six months ended 30 June 2024 does not assume the exercise of all share options because the adjusted exercise price of those options was higher than the average market price for shares for the period.

6. LOAN RECEIVABLES

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
Loans collateralised by property, plant and equipment *(note a)*	**376,400**	376,500
Loans collateralised by receivables *(note b)*	**150,000**	270,000
Small loans *(note c)*	**4,800**	4,800
	531,200	651,300
Less: Allowance for credit losses	**(219,928)**	(242,900)
	311,272	408,400
Analysed as:		
Current	**138,364**	273,713
Non-current	**172,908**	134,687
	311,272	408,400

Notes:

(a) As at 30 June 2025, the Group has entered into certain arrangements (the "Arrangements") with third parties for periods ranging from one to three years (31 December 2024: one to two years) under which:

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

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

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

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

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

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

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

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**138,364**	273,713
In more than one year but not more than two years	**150,408**	134,687
In more than two years but not more than five years	**22,500**	–
	311,272	408,400

The ranges of effective rates on the Group's loan receivables were 8% to 15% per annum as at 30 June 2025 (31 December 2024: 8% to 15% per annum).

7. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**1,708,822**	1,523,948
Trade receivables backed by bills	**377,741**	269,214
	2,086,563	1,793,162
Less: Allowance for credit losses	**(191,974)**	(229,080)
	1,894,589	1,564,082
Other receivables	**1,532,362**	1,325,078
Less: Allowance for credit losses	**(605)**	(32,995)
	1,531,757	1,292,083
VAT recoverables	**310,623**	359,043
VAT refund receivables	**17,574**	5,661
Dividend receivable from equity investments at FVTPL	**1,427**	–
Prepayments to suppliers	**241,257**	301,812
	3,997,227	3,522,681
Less: Non-current portion of other deposits (included in "Other receivables" above)	**(120,583)**	(134,147)
	3,876,644	3,388,534

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

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

	30 June 2025 *RMB'000* **(Unaudited)**	31 December 2024 *RMB'000* (Audited)
0 to 90 days	**421,136**	524,520
91 to 180 days	**420,451**	330,671
181 to 360 days	**325,404**	491,404
361 to 720 days	**477,846**	154,682
Over 720 days	**63,985**	22,671
	1,708,822	1,523,948

As at 30 June 2025, included in trade receivables backed by bills represents total bills received amounting to RMB377,741,000 (31 December 2024: RMB269,214,000) that were endorsed to suppliers on a full recourse basis. As the Group has not transferred substantially all the risks and rewards relating to these receivables, it continues to recognise the full carrying amounts of the receivables and the corresponding trade payables.

8. NON-CURRENT ASSETS/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 25 June 2025, the Group entered into an equity transfer agreement and three asset transfer agreements with a substantial shareholder of the Company ("Purchaser A") and a direct wholly-owned subsidiary of Purchaser A (Purchaser B, together with Purchaser A are referred as "Purchasers"), pursuant to which the Group has conditionally agreed to sell, and Purchasers has conditionally agreed to purchase the entire equity interest in certain subsidiaries of the Group (the "Xinjiang Companies"), and purchase certain assets the Group in Xinjiang Province, the PRC (the "Disposed Assets", the Xinjiang Companies and Disposed Assets are collectively referred as "Disposal Group"). The total consideration of the disposal of the Disposal Group was RMB1,650,000,000.

The disposal is still underway as at 30 June 2025 as certain conditions precedent have not yet been met. The management of the Group believes that the sale of Disposal Group is highly probable to be completed within twelve months from the date of classification.

The assets and liabilities attributable to the Disposal Group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position. The Disposal Group are included in the Group's PRC markets for segment reporting purposes.

The net proceeds of disposal are expected to exceed the net carrying amount of the Disposal Group and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of the Disposal Group classified as held for sale are as follows:

	As at 30 June 2025 *RMB'000*
Property, plant and equipment	**1,404,030**
Right-of-use assets	**24,733**
Mining rights	**131,139**
Other intangible assets	**55,450**
Deferred tax assets	**147**
Deposits paid for acquisition of property, plant and equipment and mining rights	**6,057**
Inventories	**29,981**
Trade and other receivables and prepayments	**35,340**
Cash and cash equivalents	**2,185**
Total assets classified as held for sale	**1,689,062**
Trade and other payables	**41,093**
Borrowings	**99,745**
Contract liabilities	**10,405**
Income tax payable	**2,098**
Asset retirement obligations	**2,187**
Deferred tax liabilities	**5,033**
Deferred income	**342**
Total liabilities classified as held for sale	**160,903**

No other comprehensive income and equity recognised relating to the disposal group classified as held for sale.

Subsequent to the end of the reporting period, the transaction has completed on 15 August 2025. Upon completion of the transaction, the Xinjiang Companies cease to be subsidiaries of the Company and the legal title of Disposed Assets have been transferred to the Purchasers, and financial information of the Xinjiang Companies and Disposed Assets will no longer be consolidated to the accounts of the Group.

9. BORROWINGS

During the current interim period, the Group obtained new loans amounting to RMB3,321,737,000 (six months ended 30 June 2024: RMB3,239,148,000) and made repayments amounting to RMB2,948,331,000 (six months ended 30 June 2024: RMB2,310,941,000). The borrowings carry annual interest rates ranging from 1.12% to 22.25% per annum as at 30 June 2025 (31 December 2024: 1.07% to 22.25% per annum) and are repayable between 2025 and 2041 (31 December 2024: repayable between 2024 and 2041).

10. TRADE AND OTHER PAYABLES

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**2,107,316**	2,409,928
Bill payables	**–**	214,550
	2,107,316	2,624,478
Payables for constructions and equipment purchase	**3,556,293**	3,902,791
Other tax liabilities	**132,736**	127,350
Payroll and welfare payable	**52,433**	85,023
Interest payables	**77,597**	61,112
Consideration payable	**40,829**	–
Other payables	**475,053**	346,670
Deposits payables	**68,848**	63,734
Other long-term payable — current portion	**35,581**	290,092
	6,546,686	7,501,250

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

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**860,125**	996,754
91 to 180 days	**443,303**	384,635
181 to 360 days	**482,215**	519,676
361 to 720 days	**254,064**	394,310
Over 720 days	**67,609**	114,553
	2,107,316	2,409,928

11. SENIOR NOTES

On 9 July 2021, the Company issued 4.95%, five-year senior notes with an aggregated principal amount of United States Dollar ("USD") 600,000,000 due in 2026 (the "Senior Notes") at 100% of the face value. The effective interest rate was approximately 5.18% per annum after adjusting for transaction costs. The Senior Notes were listed on the SEHK and guaranteed by certain subsidiaries of the Company.

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

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

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

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

12. DIVIDENDS

During the six months ended 30 June 2025, the Group declared a final dividend of HK3.7 cents (equivalent to RMB3.4 cents) per ordinary share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: HK2.5 cents (equivalent to RMB2.3 cents)) per ordinary share in respect of the year ended 31 December 2023) in total of approximately RMB185,348,000 (six months ended 30 June 2024: RMB125,094,000).

The directors of the Company have determined that no dividend will be paid in respect of current and prior interim period.

13. ASSETS PLEDGED FOR SECURITY

At the end of the reporting period, certain assets of the Group were pledged to secure trade facilities and banking facilities granted to the Group. The aggregate carrying amount of the pledged assets at the end of the reporting period is as follows:

	30 June 2025	31 December 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**6,934,236**	6,848,303
Properties under development	**332,516**	516,000
Trade receivables	**28,100**	2,550
Right-of-use assets	**237,780**	213,840
Pledged bank deposits	**966,332**	1,375,966
	8,498,964	8,956,859

Note:

As of June 30, 2025, the Group has pledged its equity interests in 貴州麟山水泥有限責任公司 Guizhou Linshan Cement Co., Ltd*, 漢中勉縣堯柏水泥有限公司 Hanzhong Mianxian Yaobai Cement Co., Ltd*, and 商洛堯柏秀山水泥有限公司 Shangluo Yaobai Xiushan Cement Co., Ltd* subsidiaries of the Group, to bank to provide guarantees for any future financial facilities from China Minsheng Bank Xi'an Branch.

* *The English name is for identification purpose*

14. EVENT AFTER THE REPORTING PERIOD

Other than the matters set out in note 8, the Group had no material event after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The first half of 2025 has seen some significant changes in the Group's operations in what is proving to be a pivotal year in its development. On the operational side, the Group has seen an improvement in fortunes for its core China operations as a result of increased supply side discipline. Overseas, the Group has begun to see the rewards of its investments into sub-Saharan Africa and Central Asia as these operations have started to contribute significantly to the Group's profitability.

In addition, the Group has embarked on a significant restructuring of its assets as it continues to pursue growth in its newer, overseas markets. In January and May 2025, the Group announced the acquisition of the 1.2-million-ton Cimenterie de Lukala (CILU) plant located near to Kinshasa, the capital city of the Democratic Republic of Congo (DRC), from the Heidelburg Materials AG group. In June 2025, the Group announced the disposal of its entire operations in Xinjiang Province, comprising four plants totalling 3.5 million tons of cement capacity, to the Anhui Conch Cement Company Limited group. The Group expects to complete its DRC acquisition in the second half of 2025 and the Xinjiang Province disposal was completed on 15 August 2025.

The main rationale for these transactions is to continue its growth strategy in sub-Saharan Africa, redirect the Group's financial and management resources to focus on development in these overseas markets and strengthen the Group's financial position by using some of the proceeds from the Xinjiang sale to partially repay the Group's US$600 million 4.95% senior notes due in July 2026.

As of 30 June 2025, the Group had a total annual cement production capacity in China of 28.5 million tons, comprising 17 cement production lines, with 21.7 million tons in Shaanxi Province, 1.8 million tons in Guizhou Province, 1.5 million tons in Sichuan Province and the 3.5 million tons in Xinjiang, the disposal of which was completed 15 August 2025. In its overseas markets, the Group had a total cement production capacity of 13.6 million tons, comprising 7 production lines, with 6.3 million tons in Ethiopia, 2.5 million tons in Uzbekistan, 2.0 million tons in Mozambique and 1.5 million tons in the DRC, as well as 1.0 million tons of cement grinding capacity in Rwanda and another 300,000 tons of grinding capacity in Tanzania. Following the completion of the acquisition of the 1.2-million-ton CILU plant in the DRC, the Group's total cement production capacity outside of China is expected to rise to 14.8 million tons.

Group Operational Performance

Improved operations in the Group's home China markets as a result of supply side discipline and lower costs, as well as increasing contributions from the overseas business, have led to a significant improvement in the Group's financial performance in the first half of 2025.

Cement and clinker sales volumes in the reporting period have risen by 23.6% to 10.82 million tons (30 June 2024: 8.75 million tons). While sales volumes in China fell by 8.3% to 6.65 million tons (30 June 2024: 7.25 million tons), overseas volumes have risen by 178% to 4.17 million tons (30 June 2024: 1.50 million tons).

In China, cement and clinker Average Selling Prices (ASPs) have benefited from supply side discipline and lower costs, rising by 4.1% to RMB280 per ton (30 June 2024: RMB269 per ton) resulting in Gross Profits per Ton (GP/T) of RMB64 (30 June 2024: RMB38). Overseas, the large rises in sales volumes have resulted in much more sustainable ASPs of RMB486 per ton (30 June 2024: RMB739) leading to an average GP/T of RMB181 (30 June 2024: RMB326).

This has resulted in revenues for the Group of RMB5.42 billion for the first half of 2025 (first half of 2024: RMB3.7 billion), with RMB3.07 billion (first half of 2024: RMB2.38 billion) coming from its core China markets and RMB2.35 billion (first half of 2024: RMB1.32 billion) from overseas markets. Total Group gross profits have come in at RMB1.63 billion (first half of 2024: RMB970 million). As overseas ASPs and GP/Ts were higher than those in domestic markets, the Group recorded RMB680 million in gross profits from China (first half of 2024: RMB360 million) and RMB950 million from overseas (first half of 2024: RMB610 million). Total Group EBITDA in the first half of 2025 was RMB1.85 billion.

The Group believes that its focus on overseas development, including expansion in sub-Saharan Africa and Central Asia, has been validated by its recent financial performance. In the first half of 2025, while cement and clinker sales volumes overseas amounted to 38.5% of total Group sales, income from these overseas markets made up approximately 43% of the Group's total revenue and 58% of the Group's gross profit.

Operating Environment — China

The Group's operations in China have continued to be affected by a relatively subdued construction market due to low levels of infrastructure and real estate demand growth. Demand in Shaanxi Province has outpaced the rest of the PRC market, with Fixed Asset Investment (FDI) growth of 5.6% compared with 2.8% for the PRC as a whole and Real Estate Development Investment (RDI) growth at 0.9% versus -11.2% for the whole country, but activity has remained lacklustre.

However, in the face of this subdued demand the supply side has been relatively disciplined, with peak-shifting production halts and increased environmental controls limiting excessive oversupply. This has led to some modest improvements in the Group's ASPs in China. In addition, unit costs have remained stable or fallen, especially in Shaanxi Province, due to lower coal costs. Together, these have resulted in lower volumes but improved gross margins which have had a positive effect on Group profitability.

In Shaanxi Province as a whole, the Group's capacity utilisation fell from 56% in the first half of 2024 to 51% in the first half of 2025, with sales of 5,532,000 tons of cement and clinker, 9.3% lower than the same period in 2024. ASPs, however, rose from RMB243 per ton to RMB261 per ton over the same period and costs per ton fell from RMB213 to RMB198. This has led to GP/T increasing from RMB30 to RMB64 year-on-year.

In central Shaanxi, an area dominated by the Xi'an Metropolitan market where oversupply has been most acute in recent years, supply side discipline has resulted in the Group recording capacity utilisation rates of just 36% in the first half of 2025 (down from 42% in the first half of 2024) with sales of 2,339,000 tons of cement and clinker, 15.2% lower year-on-year. But ASPs have improved from RMB243 to RMB267 per ton over the same period which, with lower unit costs, has led to GP/T rising from RMB15 to RMB61. Infrastructure projects that have contributed to cement demand in this area include the Xi'an-Shiyan High-Speed Railway, which consumed 350,000 tons in the first half of 2025, and water conservancy and gas transmission construction projects.

The Group has maintained its leadership position in southern Shaanxi, an area where it has over 70% market share. Although the ASP premium over central Shaanxi has contracted, with ASPs in the south at RMB257 per ton versus RMB250 in the first half of 2024, capacity utilisation rates have remained stable at above 70%. Sales volumes in southern Shaanxi in the first half of 2025 were 3,193,000 tons, only 4.3% lower year-on-year, and lower unit costs have resulted in GP/T improving from RMB43 to RMB66. Demand in the south has been supported by the Xi'an-Ankang-Chongqing High-Speed Railway, which consumed 465,000 tons of cement in the first half of 2025, and a number of reservoir construction projects amongst others.

Outside of Shaanxi, the Group's Xinjiang plants have been operating at approximately 40% of capacity in the first half of 2025, compared with 45% in the same period last year, and have achieved sales of 710,903 tons, 10% lower than the same period last year. ASPs have held up reasonably well at RMB389 per ton compared with RMB409 in the first half of 2024, with GP/T margins at RMB95 (first half of 2024: GP/T at RMB116). The disposal of these Xinjiang assets was completed on 15 August 2025. In Guizhou Province, the Group's Huaxi plant is located close to Guiyang City and the Gui-An New Area. The plant's capacity utilisation has remained stable at 38% (first half 2024: 40%) but ASPs of RMB342 and unit costs of RMB339 have resulted in only marginal GP/T levels of RMB3 compared with RMB10 in the same period in 2024. In Sichuan, the Group completed the re-acquisition of the 1.5-million-ton Paomashan Plant located in Kangding in April 2025 from PRC Court liquidators at a consideration of RMB139 million. The plant contributed approximately 65,000 tons of cement sales in May and June 2025 at a GP/T of RMB29.

Operating Environment — Overseas

Since 2020, the Group has expanded its production into overseas markets in sub-Saharan Africa and Central Asia, supplying its cement products to infrastructure, urban and rural development markets in these continents. The Group believes its cement plant construction and cement production and sales expertise is uniquely positioned to support and benefit from economic and cement industry development in these geographies.

Africa has the world's fastest population growth profile, with total population expected to reach close to 2.5 billion in 2050 from 1.5 billion in 2024. Sub-Saharan Africa has some of the fastest GDP growth rates in the world. Infrastructure development and urbanization in these markets are benefiting from domestic and international growth policies, including the Chinese Government's Belt and Road Initiative. Sub-Saharan Africa has some of the lowest per capita cement consumption rates in the world, at a fraction of those in developed markets, and cement production in many countries is backward, under-supplied and highly fragmented.

Ethiopia

The Group's largest overseas operations are in Ethiopia. In 2022, the Group acquired a 62.5% stake in the 1.3-million-ton-per-annum National Cement Plant, which it subsequently upgraded and now operates together with its local partner East African Mining Corporation PLC. In September 2024, the 5.0-million-ton-per-annum Lemi National Cement Plant, located 150 km from Ethiopia's capital Addis Ababa and one of the largest cement production lines in Africa, was commissioned and is operated with East African Mining Corporation PLC on the same terms as National Cement.

Ethiopia is a landlocked country with a population of approximately 135 million. The cement market is mainly domestic, with some US dollar exports to neighbouring Djibouti and Somalia. The country has forecast GDP growth rates of circa 6% and cement demand is infrastructure-led with increasing road, rail and airport construction projects. Cement demand in the country is expected to top 12 million tons in 2025 and supply, which is estimated at approximately 10 million tons per annum, has been constrained by old, inefficient capacity and raw material and clinker bottlenecks. Foreign currency restrictions have been gradually eased since July 2024 as part of economic reforms and an IMF financing package, and outward remittances of dividends are expected in the second half of 2025.

The Group has seen a significant increase in its sales volumes in the first half of 2025 following the commissioning of the Lemi National Cement Plant in September 2024. The Group sold 1.99 million tons of cement and clinker during the reporting period, equal to approximately 63% capacity utilisation as the Lemi plant was ramped up following commissioning. This compares with 422,000 tons from the National Cement Plant only in the first half of 2024. The blended ASP from the two plants in the first half of 2025 has been RMB456 and this has resulted in a GP/T of RMB182.

Mozambique

Mozambique was the Group's first point of entry into sub-Saharan Africa. The 2.0-million-ton-per-annum Dugongo Cement Plant, located close to Mozambique's capital city Maputo, was commissioned in December 2020 and the Group has a 60% stake in the plant alongside local investors. The Dugongo plant is one of two operational clinker lines in the country and manufactures clinker both for its own use and sales to third-party grinding mills.

Mozambique has a population of over 36 million people and forecast GDP growth rates of circa 4%, with a strong demographic growth and urbanisation profile. Cement demand for 2025 is forecast at approximately 3.5 million tons with clinker supply at approximately 2.5 million tons, and in addition to domestic demand, there are export markets in South Africa, Eswatini, Malawi and Madagascar. Longer-term growth in the country is underpinned by expected development of large offshore liquefied natural gas (LNG) resources. Recent political uncertainty in the country has impacted foreign exchange reserves and outward remittances but this is expected to ease into the second half of 2025.

Mozambique experienced political unrest in the third quarter of 2024, but this subsided by the beginning of 2025 and the country has since experienced record construction activity and cement demand. The Group has registered sales of 713,000 tons of cement and 247,000 tons of clinker in the first half of 2025, totalling 960,000 tons and achieving a capacity utilisation rate of 96%. This compares with total cement and clinker sales of 721,089 in the first half of 2024. Blended ASPs for clinker and cement for the first half of 2025 were RMB613 (first half 2024: RMB626) and GP/Ts were RMB300 (first half 2024: RMB323).

Great Lakes Region

The Group's Great Lakes capacity comprises a 1.5-million-ton-per-annum clinker and cement plant in Kalemi, in the east of the DRC on the shore of Lake Tanganyika, a 1.0-million-ton grinding mill in Rwanda and a 300,000-ton grinding mill in western Tanzania on the other side of Lake Tanganyika. All of this capacity is 100% owned by the Group. The Great Lakes Cement Plant in the DRC was commissioned in December 2022 and includes coal mines, a power station and a wharf for transhipment of clinker to the Rwanda and Tanzania grinding mills, which were commissioned in August 2023 and July 2025 respectively. The Great Lakes plant has the only clinker production line in eastern DRC and around Lake Tanganyika and the Group's sales area includes the DRC, Rwanda, Burundi and Western Tanzania.

The Great Lakes region has some of the highest GDP growth rates in sub-Saharan Africa but is also an area that has been affected by political instability and armed conflict in 2024 and 2025. Forecast GDP growth to 2026 is expected to be circa 5% in the DRC, 7% in Rwanda and 4% in Burundi. The DRC is rich in resources and Rwanda has experienced high levels of FDI growth but both of these economies have been hit by the recent conflict around Goma. Annual cement demand in the DRC is forecast at approximately 4 million tons, Rwanda adds another 1 million tons, Burundi 650,000 and east Tanzania approximately 350,000 tons. The main settlement currency in the region is US dollar and there are no currency controls.

Cement and clinker sales have remained relatively low in the first half of 2025 as a direct result of the armed conflict between the DRC and Rwanda and resulting difficulty of transporting clinker from the Great Lakes plant to the Rwanda Grinding Mill. For the first half of 2025, total blended sales were 420,000 tons, out of which 199,000 tons of cement were sold from the Rwanda Grinding Mill. This compares with total cement and clinker sales of 333,000 tons in the first half of 2024 when sales were affected by flooding. ASPs have remained high for the first half of 2025 at RMB899, with GP/T at RMB171, due to high unit costs as a result of low-capacity utilisation and high transportation cost.

Central Asia — Uzbekistan

The 2.5-million-ton-per-annum Andijan Cement Plant is the Group's first capacity in Central Asia and was commissioned in May 2024. The plant is 77% owned by the Group, along with local Uzbek and Tajik partners, and is located in the Fergana valley marketing its products in the surrounding area, the capital city Tashkent and some exports into Kyrgyzstan and Tajikistan.

Uzbekistan, with a population of over 37 million people, has projected GDP growth of circa 5% per annum until 2030. The country has planned a number of large-scale infrastructure projects, including the China-Kyrgyzstan-Uzebkistan Railway, extensive road construction and over 3,000 mini hydro power stations, leading to projected cement demand growth rates of 15%. In addition, housing is a big demand driver, with over 12 million square metres commissioned since 2024. Cement demand is forecast at over 20 million tons in 2025 and the industry is in oversupply due to recent new capacity from the Group and the Anhui Conch Cement Company Limited group. Old capacity is being actively shut down by the government and new capacity approvals have been suspended.

The Andijan has been running at approximately 64% capacity utilisation in the first half of 2025, selling 700,000 tons of cement and another 101,000 tons of clinker, totalling 801,000 tons. In spite of the relative oversupply, ASPs have remained reasonably stable at RMB196 compared with RMB203 in the second half of 2024, although volumes were low in 2024 as the plant had just started to ramp up production. GP/T for the first half of 2025 was RMB44.

Environment, Social and Governance

Environment

The Group is committed to work towards the highest industry standards with regards to the environment and emission controls. All of the Group's production facilities, in China and overseas, are modern plants employing NSP technology. The plants are situated in close proximity to their respective limestone quarries and, where necessary, limestone conveyor belts have been constructed in order to minimize transportation emissions. The Group also uses desulfurized gypsum and construction waste as raw material inputs in some of its cement products. Fly ash from power plants and slag from iron and steel plants are also recycled as inputs into some of the Group's cement products.

Residual heat recovery systems have been installed at 13 out of 17 of the Group's production lines in China. These systems reduce the electricity consumption at each line by approximately 30% and reduce carbon dioxide emissions by approximately 22,000 tons per million tons of cement production. In 2024, these systems generated 341 million kWh of power, saving 136,300 tons of coal consumption and reducing carbon dioxide emissions by 339,800 tons.

Proprietary technology cement kiln flue gas denitrification equipment is fitted at all of the Group's plants in China, and these reduce nitrous oxide ("NOx") emissions by approximately 60% per ton of clinker produced. Further NOx reduction modifications, including the recent installation of de-nitration spray-guns, and particulate matter (PM) reduction measures, with the installation of kiln-end dust collectors and other modifications, have been completed at a number of the Group's plants. Although this de-NOx technology has not yet been installed in the Group's African plants due to the supply chain constraints of transporting the hazardous ammonia-based reagents required, all of the Group's plants in Africa are equipped with dust collection systems that significantly outperform local PM emission standards. All of the Group's plants in Africa use the latest modern technology, are mostly recently constructed and boast best of class emission standards in sub-Saharan Africa.

These measures have resulted in significant emission reductions. Since 2021, the group has reduced its total NOx emissions from close to 7,000 tons to 4,000 tons, its sulphur dioxide emissions from 600 tons to under 300 tons and its PM emissions from 600 tons to close to 200 tons. Since 2022, energy consumption per ton of clinker produced has fallen from 916kWh to 853kWh and energy consumption per unit of operating revenue has fallen from 1.53 kWh/RMB to 1.29 kWh/RMB.

In addition, the Group's Fuping Plant has a Municipal Waste Treatment Facility that is capable of treating dangerous and hazardous waste, while the Group's Mianxian Plant has a Solid Waste Treatment Facility. The Group continues to explore new opportunities to develop solid waste disposal facilities at its clinker kilns in Shaanxi Province.

The Group continues to monitor and improve its environmental and emission standards in the following ways. Firstly, the Group's 'Benchmarking Checklist of Environmental Protection Regulations and Standards' has been implemented to carry out in depth monitoring of emissions and training of Group staff. Secondly, the Group's 'Safety and Environment Department' conducts quarterly inspections of monitoring reports and environment management measures at each plant. Thirdly, disposal and storage of hazardous waste is carefully planned on an annual basis, with waste labelled and disposed of in accordance with the new emission standards issued by the Ministry of Ecology and Environment.

All of the Group's plants in the PRC have been refurbished as 'Garden-like Plants', and the Group has implemented similar strategies at its plants in Africa to enhance environmental management there. Practices such as soil reclamation and mine re-greening are carried out at the Group's limestone mines and annual monitoring work in areas such as landscaping, slope deformation, soil and water pollution, soil quality, reclamation and vegetation is carried out to ensure mine recovery and land reclamation at end-of-life mines.

Social and Governance

As of 30 June 2025, the Group had 10,766 employees, of which over 5,000 are located at our overseas plants. This includes 227 senior management and 870 middle management personnel. The Group complies fully with the labour laws of the PRC and those of the countries in which it operates and carries out strict pre-recruitment vetting processes. The Group operates training courses that cover over 80% of employees.

The Group fully adheres to the PRC 'Work Safety Law' as well as any regulations in the countries in which it operates. During the six months ended 30 June 2025, there were zero fatalities and 381 days lost to injury compared with 705 in the first half of 2024. The Group runs a standardised and regulated operation process for workplace safety that is a requirement for employees and contractors alike. There is also a Safety Production Committee, headed by the Group CEO and comprising six specialised safety leadership teams.

Robust anti-corruption and integrity policies have been put in place at all of the Group's operations. These include transparent anti-fraud monitoring systems and reporting platforms, and the Group maintains ongoing risk assessment activities and anti-corruption training for all staff. The Group also has robust supply chain management systems in place, with a digital management platform and centralised supplier data base. The Group has over 2000 suppliers of which over 600 are long term partners. These suppliers are subjected to ongoing audits, including supplier evaluations and risk assessment monitoring.

During the six months ended 30 June 2025, charitable donations made by the Group amounted to RMB1.5 million. Some of the projects that the Group has contributed to include the construction of the Mudada Village Primary School and Katenbe Manatee School in Mozambique; the Shaanxi Yaobai Education Foundation, which aims to improve the quality of basic education in Shaanxi Province; and continued contributions to the 'Golden Autumn School Aid' activity, which has benefited 115 students in need of educational support.

Material Acquisitions and Disposal

On 27 January 2025 and 8 May 2025, the Group announced the acquisition of an aggregate 98.77% equity interest in Cimenterie de Lukala SA (CILU) in Kinshasa, the DRC, for a total consideration of US$125,650,069, which included the consideration of US$115,950,000 for the assignment of certain of CILU's outstanding intra-Group repayment claims, subject to customary closing adjustments. The transaction is expected to complete in the second half of 2025. For further information, please refer to the announcements of the Company dated 27 January 2025 and 8 May 2025.

On 25 June 2025, the Group announced a major disposal of its cement assets in Xinjiang Province to Anhui Conch Cement Company Limited group for a consideration of RMB1.65 billion, subject to adjustments. The disposal was completed on 15 August 2025 following independent shareholders' and PRC regulatory approval. For further information, please refer to the announcements of the Company dated 25 June 2025, 14 August 2025 and 15 August 2025 and the circular dated 25 July 2025.

EVENT AFTER THE REPORTING PERIOD

Other than the completion of the major disposal of the Group's cement assets in Xinjiang Province which took place on 15 August 2025, there was no other important event affecting the Group from 30 June 2025 to the date of this interim results announcement.

PROSPECTS

Overview

Following the progress that has been made in the first half of 2025 on both the operational and M&A side, the Group has a number of priorities as it heads into the second half of 2025. These are focused on strengthening the Group's financial position, continuing to benefit from the improving performance in its home China markets and strengthening its position in its overseas markets, where much progress has already been made.

Firstly, the Group completed the disposal of its Xinjiang plants to members of the Anhui Conch Cement Company Limited group on 15 August 2025, and this disposal is expected to bring in approximately RMB1.65 billion of cash, subject to adjustments. Some of this cash has been earmarked for the partial repayment of the Group's US$600 million 4.95% senior notes which are due to mature in July 2026. The Group's focus has already shifted to these notes and it is currently looking at market conditions and considering the best liability management exercise that will benefit its long-term finances and the interests of its long-term bond holders.

Secondly, the Group aims to benefit from the increased levels of supply side discipline in Shaanxi Province and the continued environmental controls that have succeeded in limiting excessive supply in the province. While the Group does not expect any significantly strong pick up in real estate development in the second half of the year, there is some reasonable demand coming from infrastructure projects in Shaanxi; if supply discipline, construction activity and pricing levels from the first half of 2025 continue into the second half of the year, the Group is likely to achieve a strong set of financial returns for its China operations in the second half of 2025.

Finally, the Group aims to build on and strengthen its position in its burgeoning overseas markets. Since 2020, the Group has built a significant presence in the Ethiopia cement market, has one of only two operational clinker plants in Mozambique (with another plant under construction in the north of the country) and has built the largest clinker and cement operation in the Great Lake region of the DRC, Rwanda and western Tanzania, as well as expanding into Uzbekistan.

Two further developments will continue to strengthen the Group's Great Lake operations in a region which, despite the current armed conflict in Goma, is a high-growth resource and infrastructure-led market. Firstly, the Group is expected to complete the acquisition of the Cimenterie de Lukala (CILU) plant, located in the DRC's capital city of Kinshasa, in the second half of 2025: this will extend the Group's market strength into the west of the DRC. Secondly, the Group aims to complete the construction of its cement and grinding capacity in Uganda in the first half of 2026. This market is a natural geographical extension of the Great Lakes area and will help the Group to strengthen its position as one of sub-Saharan and East Africa's major cement producers.

Operations — China

The Group's operations in China, and Shaanxi in particular, have been characterised by supply side discipline in the first half of 2025. The Group's capacity utilisation in the oversupplied central Shaanxi region was just 36%, although it was higher at over 70% in the Group's southern Shaanxi stronghold during the reporting period. This discipline has been supported by measures to reduce cement industry oversupply, including peak-shifting production halts during periods of low demands and increasingly stringent environmental and emission controls which have had the effect of reducing capacity. The net effects of these measures have been a moderate rise in ASPs for all producers in Shaanxi Province. The Group believes that if these supply side measures continue, then it will be able to maintain improved levels of profitability into the second half of 2025.

On the demand side, while property development is likely to remain slow into the second half of the year, the infrastructure market remains relatively active, especially in southern Shaanxi. Projects such as the Xi'an-Shiyan High Speed Railway, the Lanzhou-Hanzhong-Shiyan High Speed Railway and the Xi'an-Ankang-Chongqing High Speed Railway, as well as numerous reservoirs and water projects, hydro power projects, highways and gas transmission projects will continue to drive demand for the Group's cement products. The Group's Huaxi plant in Guizhou is facing a similar low-demand scenario and the Group expects capacity utilisation to remain at sub-40% levels. The Group has also re-purchased its 1.5-million-ton Kangding Paomashan Plant in Sichuan Province, which contributed 65,000 tons of sale in the second quarter of 2025 and is likely to contribute an incremental amount of sales in the second half of 2025.

Operations — Overseas

The Group remains very optimistic about the growth potential in its areas of overseas development and believes that it is in the process of building an extremely strong cement asset in sub-Saharan Africa and Central Asia. The Group believes that its cement plant construction and cement production and sales expertise is uniquely positioned to support economic and cement industry development in undersupplied geographies where current capacity is backward and highly fragmented.

Ethiopia

In Ethiopia, the Group has been operating the 1.5-million-ton National Cement Plant, in the east of the country, since 2022. Its new 10,000-ton-per-day clinker Lemi National Cement Plant was only commissioned in September 2024 and 2025 will be its first full year of operation. The Lemi plant, located in the Amhara Region approximately 150 km from Ethiopia's capital Addis Ababa, is one of the largest and most modern single production facilities in Africa. Its cement is sold into Addis Ababa and the Amhara and Oromia regions.

The Lemi plant operated at approximately 50% capacity utilisation in the first quarter of 2025 as its production was ramped up following commissioning, but this rose to over 70% in the second quarter of 2025 which bodes well for operations into the second half of the year. ASPs have fallen to more sustainable levels as this new capacity has been absorbed by the market but costs per ton have remained stable, lower than those of the smaller National Cement Plant, leading to GP/T levels in excess of RMB170. The smaller National Cement Plant has been operating at well over 70% capacity utilisation, achieving GP/T levels close to RMB140, and these levels are likely to be sustained into the second half of the year.

The Ethiopian construction industry is expected to contribute well over 20% of the country's GDP over the next few years, with government-led infrastructure projects including airport, road, power and resources projects such as the Tuluk Kapi gold and copper mine in the Oromia Region particularly significant. There remains concern that the conflict in Tigray, in the north of the country, may flare up again but this is quite distant from the Group's areas of operation and sales. The key current economic issue is currency liberalisation, which has been ongoing with IMF support since July 2024, and expectations remain that offshore remittances will be further opened up by the government.

Mozambique

The Group's 2.0-million-ton Dugongo plant had a very strong first half. The plant operated at close to 100% capacity, with stable ASPs in excess of RMB600 and GP/T rising into the second quarter of 2025 as construction activity in the capital city Maputo and surrounding areas picked up following political unrest in 2024. The plant markets its products into the Maputo area and central Mozambique, where there is no clinker supply at present; it also sends some exports to South Africa, Eswatini and Madagascar via sea transportation. The lack of clinker capacity in the country has led to clinker making up over 25% of Group sales in the first half of 2025 and this is expected to continue until more capacity is constructed in the country.

Currently under construction in the north of the country, the Group's Dugongo Cement Nampula Plant is expected to be completed by the end of 2026 and will have a designed capacity of 3,500 tons per day of clinker or an annual 1.5 million tons of cement. The plant has a planned capex of US$200 million and will be 80% owned by the Group, with the remaining interests owned by local investors. It is located in the Nampula region, an area with strong transportation links to surrounding countries such as Malawi and Tanzania and also one that is set to benefit from LNG offshore exploration and development.

It is this LNG development in the Rovuma basin off the northern coast that is set to power economic growth in the country in the medium term. Mozambique is estimated to have 65 trillion cubic feet of recoverable gas reserves and has already become the world's sixth largest exporter of natural gas. There are a number of very large LNG projects backed by international oil companies, including Total, Exon Mobil and ENI, that have either been recently approved by the government or are due to begin construction in 2026. These projects are central to the country's economic growth strategy, will stimulate construction activity and are also expected to alleviate the current foreign currency shortage that Mozambique has been suffering from in 2025.

Great Lakes Region

The Group's strategy in the Great Lakes Region has been to build an interconnecting network of clinker and grinding stations that is able to supply cement to all of the countries surrounding Lake Tanganyika, including the DRC, Rwanda, Burundi and Tanzania. The central part of this network is the 3,500-ton-per-day Great Lakes clinker plant in the DRC, designed to sell cement in the eastern and central DRC markets as well as export clinker to the 1-million-ton capacity Rwanda Cement Grinding Mill and the newly constructed 300,000-ton capacity Tanzania Grinding Mill.

Sales in the first half of 2025 have been poor due to the effects of the conflict around Goma. Transportation has been difficult and the border between the DRC and Rwanda has been closed intermittently, which has hindered the transportation of clinker. In spite of this, the Group has still managed to sell over 400,000 tons of cement and clinker in the region, and although ASPs have been high, at around RMB1,000 per ton, costs and GP/T have not been indicative of future prospects due to the situation on the ground.

The DRC, however, is resource-rich with large foreign currency resource exports, and Rwanda in particular benefits from significant Foreign Direct Investment growth that has resulted in strong economic growth. There is a shortage of cement and clinker and a lot of demand has been historically satisfied by expensive clinker imports from Tanzania and further afield. The Group's clinker plant in the DRC is the only one in the region and the Group expects operations to perform very well with a more stable political situation.

The Group has also announced the acquisition of the 1.2-million-ton Cimenterie de Lukala (CILU) plant in the DRC's capital city Kinshasa from the Heidelburg Materials AG group. This acquisition is expected to be completed in the second half of 2025. The Cimenterie de Lukala SA is the oldest cement company in the DRC with a history dating back to its establishment in 1920 and has a very strong brand recognition in the DRC market. The CILU plant is an integrated clinker and cement facility with considerable limestone reserves and its kiln was upgraded in 2019. This acquisition will allow the Group to expand its cement plant network into the west of the DRC, market its products country-wide and become the largest producer in the region.

Uganda

Uganda is situated to the northeast of the Great Lakes Region and is a country with approximately 5 million tons of cement demand but limited clinker supplies of around 1.25 million tons located in areas of depleting limestone reserves in Kasese in the west and Tororo in the east. Much of the country is reliant on expensive clinker and cement imports from Kenya and the port of Mombasa over 1,000 km away. Uganda is one of sub-Saharan Africa's fastest growing economies: growth is expected at around 7% in 2025, with oil production and pipeline construction as key economic drivers.

The Group's capacity in Uganda is currently under construction and is expected to be commissioned in 2026. Having managed to secure the only plentiful limestone supply in the country, the Group is building its 6,000-ton-per-day clinker plant in Moroto in northwest Uganda as well as an accompanying 1.5-million-ton grinding station in Jinja in the south on the shore of Lake Victoria, 80 km from Uganda's capital city Kampala. This new capacity will amount to approximately 3 million tons of cement capacity and will result in the Group becoming the largest cement company in Uganda, extending the Group's footprint to the north of the Great Lakes region to become a major force in the East African cement market.

Uzbekistan

In Central Asia, the Group's 2.5-million-ton Uzbekistan Andijan Plant has been in operation since May 2024. 2025 will be its first year of full operation. In the first half of 2025, the plant ran at 65% capacity but was operating at nearly full capacity by the second quarter of the year, with ASPs reaching over RMB200 and GP/T at over RMB60 for that quarter. These increased sales have come about due to buoyant residential construction activity in the Fergana Valley, increased exports to neighbouring Kyrgyzstan and limits on imports from Kyrgyzstan and Tajikistan.

Whilst the Uzbekistan market is currently relatively oversupplied, with new capacity from the Group and other Chinese cement producers, the government expects annual cement demand growth rates of 15% to supply a long list of infrastructure projects including rail, road and hydro-power plants. In addition, the country is resource-rich and is estimated to have over 100 million tons of oil reserves and 3.4 trillion cubic meters of natural gas reserves. The Group therefore expects to see continued good volumes out of its first Central Asia plant, even if ASPs and GP/Ts are not as high as some of its new capacity in Africa.

Capital Expenditure

The Group has now completed the construction of the Lemi plant in Ethiopia, its cement grinding mill facilities in the Great Lake Region and the Andijan plant in Uzbekistan. Its current construction projects include the Dugongo Nampula Plant in Mozambique and the Moroto Plant and Jinja Grinding Mill in Uganda, all of which are due to be completed in 2026. In addition to this, the Group carries out regular maintenance and upgrade work on its existing facilities. The Group has funded and expects to continue to fund these commitments from operating cash flow and available banking facilities.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 46.4% from RMB3,701.8 million for the first half of 2024 to RMB5,418.3 million for the first half of 2025. Cement sales volume increased by 25.3%, from approximately 8.3 million tons for the first half of 2024 to approximately 10.4 million tons during the six months ended 30 June 2025. Including clinker sales, total sales volume for the first half of 2025 amounted to approximately 10.9 million tons, compared to the 8.8 million tons sold in the first half of 2024.

Overall cement prices in the first half of 2025 were higher than those in the first half of 2024. Cement ASP for the first half of 2025 was RMB355 per ton as compared with RMB344 per ton in the first half of 2024. The reasons for these fluctuations in ASPs and sales volume are discussed in the paragraphs headed "Management Discussion and Analysis — Business Review — Operating Environment — China/Overseas" above.

Other than the above cement sales revenue, the revenues arising from the sales of aggregates for the first half of 2025 increased by 38.1% to RMB71.4 million (six months ended 30 June 2024: RMB51.7 million) as a result of the net effect of the increase in sales volume by 45.6% and the decrease in prices by 13.5%. Moreover, the revenues arising from the sales of commercial concrete decreased by 14.2% to RMB192.1 million (six months ended 30 June 2024: RMB224.0 million), which is primarily due to the effect of the decreases in prices and sales volumes by 9.7% and 4.6%, respectively.

Cost of Sales

Cost of sales increased by 38.9% from RMB2,728.6 million for the first half of 2024 to RMB3,791.3 million for the first half of 2025.

Coal costs were decreasing in the PRC during the Period because the local coal supply become more stable under the guaranteed supply policy implemented by the PRC government. With the decrease in the demand of coal under the slowing down recovery of economic activities, the average cost per ton of coal for the first half of 2025 decreased by approximately 13.2% to approximately RMB660 per ton from approximately RMB760 per ton in the first half of 2024. These have resulted in a cost decrease of approximately RMB8.6 per ton of cement produced. With the effect of the increase in sales volume, total coal costs for the first half of 2025 increased by approximately 13.0% as compared with that of the first half of 2024.

The average cost of limestone decreased by 6.1% to approximately RMB18.5 per ton during the Period (six months ended 30 June 2024: RMB19.7 per ton). These have resulted in a cost decrease of approximately RMB2.9 per ton of cement produced. With the effect of the increase in sales volume, total raw materials costs increased by approximately 21.8% as compared with that of the first half of 2024.

The average cost of electricity was decreasing over the first half of 2025 as a result of the decrease in electricity price under the decreasing coal costs and the decrease in the demand of electricity under the slowing down recovery of economic activities. The electricity costs decreased by approximately RMB3.3 per ton of cement produced. With the effect of the increase in sales volume, total electricity costs for the first half of 2025 increased by approximately 12.0% as compared with that of the first half of 2024.

The total depreciation cost for the first half of 2025 increased by approximately 36.9% as compared with that of the first half of 2024, which was an increase of approximately RMB3.0 per ton of cement produced, as a result of the increase in production capacities and the technology upgrading of the existing production capacities during the Period.

The total staff cost for the first half of 2025 increased by approximately 6.2% as compared with that of the first half of 2024, as a result of the increase in production capacities during the Period. However, the staff cost decreased by approximately RMB2.3 per ton of cement produced, as a result of the strengthened cost control during the Period.

As to other items in the costs balance, the balance mainly represented certain environmental related expenses, i.e. sewage fee and environmental protection fee charged by the government, and safety fee as well as overhaul expense. Other costs in total increased by approximately 43.8% as compared with that of the first half of 2024, which was approximately an increase of RMB2.3 per ton of cement produced, as a result of the increase in production capacities during the Period.

Moreover, as mentioned in the revenue analysis above, as a result of the increase in the sales volumes of aggregates by 38.1% and the decrease in sales volumes of commercial concrete by 4.6%, the costs arising from the production of aggregates also increased by 41.4% to RMB46.8 million (six months ended 30 June 2024: RMB33.1 million) and the costs arising from the production of commercial concrete decreased by 6.4% to RMB193.4 million (six months ended 30 June 2024: RMB206.7 million), for the first half of 2025, respectively.

Gross Profit and Gross Profit Margin

Gross profit increased by RMB653.8 million, or 67.2%, from RMB973.2 million for the first half of 2024 to RMB1,627.0 million for the first half of 2025. The increase in gross profit was mainly due to the effect of the increase in ASPs and sales volume as described above. Gross profit margin increased from 26.3% for the first half of 2024 to 30.0% for the first half of 2025.

Other Income

Other income mainly comprised VAT refunds, which is a form of government incentive for the recycling of industrial waste as production input, and other government subsidies. Other income decreased by approximately 13.9% from RMB61.7 million for the first half of 2024 to RMB53.1 million for the first half of 2025. The decrease in other income is mainly due to the decrease in the VAT refund as a result of decrease in the ratio of cement produced by using recycled industrial waste during the Period.

Administrative and Selling & Marketing Expenses

Administrative expenses primarily included staff costs, general administrative expenses, depreciation and amortization. The amount increased by 11.3% from RMB318.4 million for the first half of 2024 to RMB354.3 million for the first half of 2025. Selling & marketing expenses increased by 87.2% from RMB86.6 million to RMB162.1 million for the first half of 2025 as compared with that of 2024. The increase in administrative and selling and marketing expenses were mainly due to the increase in selling and marketing expenses in relation to the sale of properties under development and the increase in respective administrative and selling expenses related to the new capacities in Africa.

Other Gains and Losses, net

Other gains decreased by RMB42.5 million from RMB183.1 million for the first half of 2024 to RMB140.6 million for the first half of 2025. The decrease was mainly due to the net effect of the following factors. Firstly, there were net foreign exchange losses mainly relating to the translation of the Group's USD receivables from the subsidiaries of RMB19.8 million for the first half of 2025 (six months ended 30 June 2024: exchange gains of RMB71.2 million). Secondly, there was a gain on acquisition of a subsidiary of RMB66.3 million for the first half of 2025 (six months ended 30 June 2024: Nil). During the Period, the Court terminated the liquidation process of Kangding Paomashan Cement Co., Ltd. (康定跑馬山水泥有限責任公司) ("Paomashan") and approved the Group's investment agreement with the liquidator to acquire 100% equity interest of Paomashan. Thirdly, there was a gain on modification of other long-term payables of RMB83.2 million (six months ended 30 June 2024: Nil) as a result of the modifications of the interest rate and repayment periods of the long term payables to the non-controlling shareholder of a subsidiary. Finally, there was a hyperinflation restatement regarding the subsidiaries in Ethiopia of RMB101.3 million recorded for the first half of 2024, as Ethiopia is no longer identified as a hyperinflationary economy during the Period, therefore, no such restatement was recorded during the Period.

Impairment loss under expected credit loss model, net of reversal

Impairment loss under expected credit loss model, net of reversal decreased by RMB108.8 million from RMB51.8 million for the first half of 2024 to a reversal of RMB57.0 million for the first half of 2025. The decrease was mainly due to the increase in the reversal of the impairment loss of RMB57.0 million as a result of the recovery the loan receivables and trade receivables during the Period.

Finance Costs

Finance costs increased by RMB169.6 million, or 165.1%, from RMB102.7 million for the first half of 2024 to RMB272.3 million for the first half of 2025. The increase was mainly due to the decrease in the capitalized interest in the construction in progress during the Period.

Income Tax Expense

Income tax expenses increased by RMB15.3 million from RMB153.4 million for the first half of 2024 to RMB168.7 million for the first half of 2025. Current income tax expense plus under provision increased by RMB34.3 million to RMB173.9 million for the first half of 2025 (six months ended 30 June 2024: RMB139.6 million) , whereas deferred tax expenses increased by RMB19.0 million to a credit of RMB5.2 million for the first half of 2025 (six months ended 30 June 2024: RMB13.8 million).

The increase in the current income tax expense was mainly attributable to the net effect of the increase in profit tax attributable to the subsidiaries in PRC and Africa. The increase in deferred tax expense was mainly due to the increase in withholding tax on undistributed profits.

The detailed income tax expenses for the Group are outlined in note 3 of this interim result announcement.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company increased from RMB386.9 million for the first half of 2024 to RMB748.3 million for the first half of 2025. This increase is primarily due to the increase in gross profit as mentioned above.

Basic earnings per share increased from RMB7.1 cents for the first half of 2024 to RMB13.7 cents for the first half of 2025.

FINANCIAL AND LIQUIDITY POSITION

As at 30 June 2025, the Group's total assets decreased by 1.4% to RMB35,786.0 million (31 December 2024: RMB36,289.9 million) while total equity increased by 3.7% to RMB14,331.4 million (31 December 2024: RMB13,816.5 million).

As at 30 June 2025, the Group had bank balances and cash as well as restricted/pledged bank deposits amounting to RMB1,820.8 million (31 December 2024: RMB2,541.4 million). After deducting borrowings and senior notes of RMB11,704.4 million (31 December 2024: RMB11,559.3 million), the Group had net debt of RMB9,883.6 million (31 December 2024: RMB9,017.9 million). 80.8% (31 December 2024: 87.4%) of borrowings and senior notes are at a fixed interest rate. Moreover, the Group also held loan receivables of RMB311.3 million (31 December 2024: RMB408.4 million) at fixed interest rates. Please refer to notes 6, 9, 11 and 13 of this interim result announcement for the details of the loan receivables, borrowings, senior notes and the respective pledge of assets.

As at 30 June 2025, the Group's net gearing ratio, measured as net debt to equity was 69.0% (31 December 2024: 65.3%). Consistent with industry norms, the Group continuously monitors its gearing ratio and manages its capital to optimise the cost of capital and to safeguard the Group's ability to continue as a going concern. As at 30 June 2025, the Group has net current liabilities position of approximately RMB1,694.6 million (31 December 2024: RMB3,560.4 million). As at 30 June 2025, the Group has unused banking facilities of approximately RMB2,031.0 million (31 December 2024: RMB1,092.5 million), which is available for drawdown and utilisation in the course of ordinary business. On 25 June 2025, the Group entered into a series of agreements to dispose of the Xinjiang Companies with a total consideration of RMB1,650.0 million, subject to adjustment. The transactions completed on 15 August 2025 and the Group expects to receive RMB1,551.0 million, representing the first three instalments of the consideration as agreed under the respective agreements, within the next 12 months. The Group expects to generate sufficient operating cash flow which enable the Group to meet its obligation when it falls due in the foreseeable future. In view of the above circumstances, the directors of the Company expect that the Group will have sufficient liquidity to finance its operations for the next twelve months from the date of approval of these condensed consolidated financial statements. Therefore, the condensed consolidated financial statements have been prepared on going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

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

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure, measured as the additions of property, plant and equipment, right-of-use assets, mining rights and construction in progress, for the first half of 2025 amounted to RMB2,294.5 million (six months ended 30 June 2024: RMB1,635.7 million). Capital commitments as at 30 June 2025 amounted to RMB3,142.9 million (31 December 2024: RMB3,680.9 million). Both capital expenditure and capital commitments were mainly related to the maintenance and upgrading of existing production facilities as well as the construction of new production facilities in Mozambique and Uganda. The Group has funded these commitments from operating cash flow and available banking facilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group employed a total of 10,458 (31 December 2024: 9,504) full time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the six months ended 30 June 2025, staff costs (including directors' remuneration) were RMB421.6 million (six months ended 30 June 2024: RMB374.0 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, bonuses and other allowances.

FOREIGN EXCHANGE RISK MANAGEMENT

During the six months ended 30 June 2025, the Group's sales, purchases, loans receivables, restricted/pledged deposit, bank balances and cash and borrowings were mainly denominated in Renminbi. Moreover, the Group's other long term payables and senior notes were denominated in United States Dollars and several intercompany balances between the subsidiaries were denominated in different functional currencies, i.e. Meticais, Ethiopian Birr. Renminbi, Meticais and Ethiopian Birr are not a freely convertible currency. Future exchange rates of the Renminbi, Meticais and Ethiopian Birr could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government, Mozambique government and Ethiopia government. The exchange rates may also be affected by economic developments and political changes on a domestic and/or international level, and the demand and supply of Renminbi, Meticais and Ethiopian Birr. The appreciation or depreciation of Renminbi, Meticais and Ethiopian Birr against foreign currencies may have an impact on the operating results of the Group. The Group currently does not maintain a foreign currency hedging policy. However, the management team of the Company will continue to monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

CREDIT RISK MANAGEMENT

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

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

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

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

CORPORATE GOVERNANCE PRACTICE

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

The Board is of the view that the Company has complied with all code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (in effect for the Period) throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules and with written term of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group and to provide advice and comments to the Board, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee consists of five independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Zhu Dong, Mr. Tam King Ching Kenny, Mr. Feng Tao and Mr. Lau Ka Keung. Mr. Lee Kong Wai Conway is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated interim results for the six months ended 30 June 2025.

AUDITORS

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the auditors of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with all the Directors, all the Directors confirmed and declared that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.westchinacement.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2025 containing all the information required by Appendix D2 to the Listing Rules will be made available to shareholders of the Company and available on the aforementioned websites in due course.

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

Hong Kong, 25 August 2025

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