HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Revenue of the Company for the year 2023 amounted to approximately RMB 33.757 billion, representing an increase of 10.79% over that of 2022.
- Net profit attributable to equity shareholders of the Company for the year 2023 amounted to approximately RMB 2.762 billion, representing an increase of 2.34% over that of 2022 .
- Earnings per share for the year 2023 were RMB 1.33, representing an increase of 2.31% over that of 2022.

Unless otherwise stated, the currency unit in this announcement is Renminbi ("**RMB**"), the lawful currency of the People's Republic of China ("**PRC**"). Unless otherwise stated, the financial information in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises ("**PRC Accounting Standards**").

I. Basic Corporate Information of the Company

1. Basic information

Company Name	Huaxin Cement Co., Ltd. ("**the Company**", together with its subsidiaries, the "**Group**")
A Shares stock abbreviation	Huaxin Cement
A Shares stock code	600801
Exchange on which A shares are listed	The Shanghai Stock Exchange
H Shares stock abbreviation	Huaxin Cement
H Shares stock code	06655
Exchange on which H shares are listed	The Stock Exchange of Hong Kong Limited ("**Stock Exchange**")

2. Contact persons and means of contact

Title	Secretary to the Board
Name	Mr. Ye Jiaxing
Liaison Address	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
Tel	0086-02787773898
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E-mail	investor@huaxincem.com
Title	Securities Affairs Representative
Name	Ms. Wang Xiaoqiong
Liaison Address	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province
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Fax	0086-02787773992
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II. SUMMARY OF ACCOUNTING DATA AND OPERATIONAL INFORMATION

1. Accounting data prepared in accordance with the PRC Accounting Standards (major accounting data and financial indicators for the preceding three years)

(Unit: RMB)

Items	2023	2022	Year-on-year change (%) between 2023 and 2022	2021
Revenue	33,757,087,272	30,470,382,363	10.79	32,464,083,379
Net profit attributable to equity shareholders of the Company	2,762,116,715	2,698,868,510	2.34	5,363,525,692
Net profit after extraordinary items attributable to equity shareholders of the Company	2,322,113,737	2,578,634,452	-9.95	5,304,878,118
Basic earnings per share (RMB/share)	1.33	1.30	2.31	2.58
Diluted earnings per share (RMB/share)	1.32	1.28	3.13	2.58
Basic earnings per share after extraordinary items (RMB/share)	1.12	1.24	-9.68	2.55
Return on net assets, weighted average (%)	9.82	10.03	Decreased by 0.21 percentage points	21.30
Return on net assets after extraordinary items, weighted average (%)	8.26	9.58	Decreased by 1.32 percentage points	21.07
Net cash flow generated from operating activities	6,235,555,071	4,567,694,220	36.51	7,594,957,122

III. SHAREHOLDR

1. Shareholders

(1) To the best knowledge of the Company, as at 31 December 2023, the total number of registered shareholders of the Company was 54,007; as at 29 February 2024, the total number of registered shareholders of the Company was 49,549.

(2) To the best knowledge of the Company, as at 31 December 2023, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Full name of shareholders	Number of shares held	Proportion (%)	Class of shares	Pledged or subject to frozen order		Shareholder type
					Status	Quantity	
1	HKSCC Nominees Limited	734,719,919	35.34	H share	Unknown	0	Overseas legal entity
2	HOLCHIN B.V.	451,333,201	21.71	A share	None	0	Overseas legal entity
3	Huaxin Group Co., Ltd.	338,060,739	16.26	A share	None	0	State-owned legal entity
4	Hong Kong Securities Clearing Company Ltd. (HKSCC)	21,596,305	1.04	A share	None	0	Overseas legal entity
5	China Merchants Bank Co., Ltd. - SSE Dividend Trading Open-ended Index Securities Investment Fund	19,910,110	0.96	A share	None	0	Others
6	National Social Security Fund 413 Portfolio	16,050,000	0.77	A share	None	0	Others
7	Agricultural Bank of China Limited Company-Gongyin Ruixin Innovation Dynamism Stock Investment Fund	14,580,000	0.70	A share	None	0	Others
8	Gongyin Ruixin Fund-China Life Insurance Company Limited-Dividend Insurance- Gongyin Ruixin Fund China Insurance Balance Stock Portfolio Single Asset Management Plan (available for sale)	11,335,516	0.55	A share	None	0	Others
9	China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	0.54	A share	None	0	Unknown
10	Bank of China - ICBC Credit Suisse Core Hybrid Securities Investment Fund	7,769,985	0.37	A share	None	0	Others

Notes:

(1) During the period from 1 January 2023 to 31 December 2023 (the "**Reporting Period**"), there was no change in the number of the shares of the Company held by Holchin B.V. and its party acting in concert, Holpac Limited . The shares held by Holchin B.V. and Holpac Limited were not subject to any pledge, freezing order or custody.

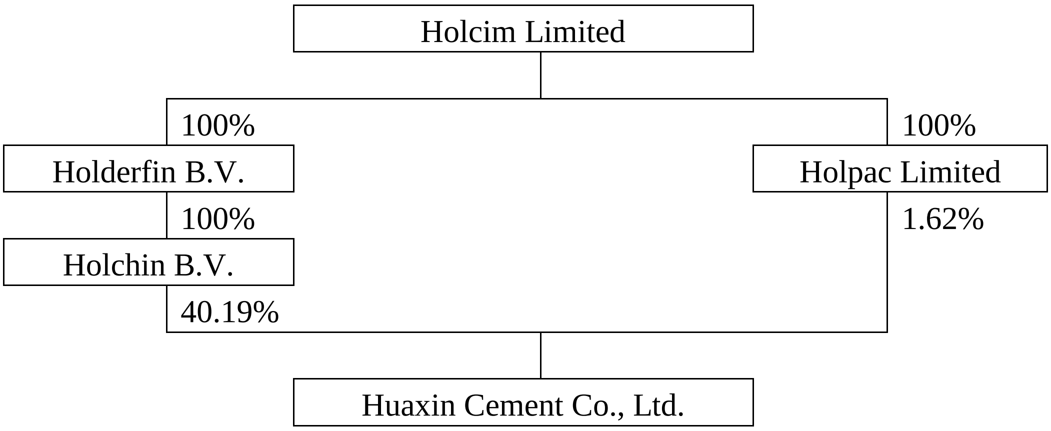
(2) The shares mentioned above are not subject to any trading restrictions.

(3) Saved that Holchin B.V. and Holpac Limited are wholly-owned subsidiaries of Holcim Limited, the board (the "**Board**") of directors (the "**Directors**") of the Company is not aware of any other connected relationship among the top ten shareholders.

2. Information on the controlling shareholder and de facto controller

During the Reporting Period, there was no change in the controlling shareholder and de facto controller of the Company.

As at 31 December 2023, Holcim Limited was the controlling shareholder as well as the de facto controller of the Company. The following chart sets out the shareholding relationship structure between the Company and Holcim Limited:



3. Purchase, sale or redemption of listed securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

IV. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company has been in compliance with all the applicable principles and code provisions as set out in the CG Code during the Reporting Period.

V. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the code provisions regarding the purchase and sale of the Company's shares by the Directors and supervisors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 of the Listing Rules. The Company has made specific enquiries to all Directors and supervisors of the Company and each of them confirmed that they have complied with the requirements contained in the Model Code during the Reporing Period.

VI. REVIEW OF RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises five Directors, being Mr. XU Yongmo, as Chairman of the Board and non-executive Director, Mr. LO Chi Kong, as non-executive Director, and Mr. WONG Kun Kau, Mr. ZHANG Jiping and Mr. JIANG Hong, as independent non-executive Directors. The financial report and results announcement of the Company for the year ended 31 December 2023 have been reviewed by the Audit Committee. All of the Directors agree and confirm their individual and collective responsibility for preparing the accounts as contained in the financial report for the year under review. The Directors are responsible for the preparation of the financial statements for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the financial status, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2023, applicable accounting policies have been adopted and applied consistently.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young Hua Ming LLP, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Ernst & Young Hua Ming LLP in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young Hua Ming LLP on the preliminary announcement.

VII. MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE GROUP

(I).Overview of Operation and Development

Business Highlights

Stable performance improvement	• Revenue reached RMB **33.757** billion, with a year-on-year increase of **10.79%** • Net profit attributable to equity shareholders of the Company reached RMB **2.762** billion, with a year-on-year increase of **2.34%**
Year-on-year increase in sales of leading products	• Aggregate sales reached **131.37** million tons, with a year-on-year increase of **100%** • Concrete sales reached **27.27** million cubic meters, with a year-on-year increase of **66%**
Continuous integrated development	• Aggregate production capacity reached **277** million tons/year, with a year-on-year increase of **32%** • Concrete production capacity reached **122** million cubic meters/year, with a year-on-year increase of **77%**
Breakthroughs in overseas development	• Overseas production capacity reached **20.91** million tons/year, with a year-on-year increase of **69%** • Operating income reached RMB **5.439** billion, with a year-on-year increase of **30%**
Green and low-carbon development	• The Group's blended thermal substitution rate reached **20%**, with an increase of **6** percentage points from **2022**; it reached **23%** domestically, with an increase of **7** percentage points from 2022. • The comprehensive energy consumption of domestic kiln lines was **94.7**kg/tcl, with 33 kiln lines reaching the benchmark level, accounting for **63%**. • The intensity of direct emission of carbon dioxide per ton of cement in China (scope 1) decreased to 576.47 kg.

In 2023, influenced by factors such as the slowing growth rate of infrastructure investment, slow recovery in the real estate industry, and increasing constraints on environmental protection and energy consumption-related policies, the Chinese building materials industry continued to face a recession. Against this backdrop, the Company is seeking progress while maintaining stability, comprehensively deepening and implementing four strategies of “integrated transformation, overseas development, business expansion to new building material, digitization in traditional industry”. With determination and hard work, the Company’s operational performance has defied the odds and achieved remarkable success.

- Firmly implementing the integrated strategy, adhering to a cash-centric business model, strictly controlling financial risks, achieving annual targets for accounts receivable control, and maintaining an industry-leading accounts receivable ratio.

- Strengthening cost benchmarking management to enhance overall cost competitiveness. Annual cement costs decreased by 10.29%, with domestic cement costs decreasing by 12.79% year-on-year.

- Continuing technological innovation, and advancing green and low-carbon development. The annual cumulative usage of alternative fuels has reached 4.37 million tons, with an increase of 500,000 tons compared to the previous year; the Group’s blended thermal substitution rate reached 20%, with an increase of 6 percentage points from 2022, and it reached 23% domestically, with an increase of 7 percentage points from 2022. The comprehensive energy consumption of domestic kiln lines was 94.7 kg/tcl, with 33 kiln lines reaching the benchmark level, accounting for 63%. The intensity of direct emission of carbon dioxide per ton of cement in China (scope 1) decreased to 576.47 kg. In the 2023 annual selection of “National Green Factories” organized by the Ministry of Industry and Information Technology, 6 factories in places including Zigui, Wanyuan, Cantian, Chenzhou, Zhaotong, and Luquan were recognized as National Green Factories.

- In the aggregate business, an additional capacity of 67 million tons was added during the year, reaching an annual capacity of 277 million tons. The Company’s high-quality manufactured sand was officially put into production, with annual sales to third parties of 131 million tons and a year-on-year increase of 100%.

- The concrete business is in full swing. Throughout the year, a total of 23 new concrete sites were developed, and the production capacity has reached 122 million cubic meters (including OEM capacity), with sales reaching 27.27 million cubic meters and a year-on-year increase of 66%.

- Making breakthroughs in overseas development. The successful completion of the acquisition of 64.66% equity of Oman Cement Company SAOG and 100% equity of Natal Portland Cement Company (Pty) Ltd. has expanded the Company’s overseas business to the Middle East and southern Africa. In addition, the Phase II of 4,500 tons per day clinker production line project of Maweni Limestone Limited in Tanzania was put into operation, adding a total of 8.54 million tons per year of new capacity. As of the end of 2023, the Company’s effective cement grinding capacity overseas had reached 20.91 million tons/year.

- Steady advancement of digital construction supports the implementation of the Company’s strategies. The Company has successfully implemented a cement low-carbon manufacturing intelligent system in 8 domestic factories and established an overseas basic digital system in overseas factories. And it has completed significant projects such as the digital operation support for integrated multi-service synergy along the Yangtze River and intelligent production system for aggregates, providing strong support for the execution of the Company’s strategies.

- Credit ratings remain stable, and financing costs stay low. CCXI tracks the bond ratings and results as AAA, while Moody's confirms the Company's "Baa1" issuer rating. Following the Loan Prime Rate (LPR) cuts to lower financing costs, a cumulative reduction of RMB 15.6 billion in existing loans to the latest LPR has been achieved during the Reporting Period, resulting in new financing costs decreasing to 3.21%.

- Continuously gaining social recognition. The large-scale substitution of fossil fuels technology was selected as one of the top 20 advanced and applicable low-carbon technologies in the raw material industry for 2023. The domestic waste pretreatment and Huangshi company's energy-saving case using alternative fuels have been selected as the fourth session of the National Energy Conservation Center's Typical Cases of Key Energy Saving Technology Applications. The "Key Technology Innovation and Application for Cement Low-Carbon Manufacturing Intelligentization" project won the first prize of the China Building Materials Federation Science and Technology Progress Award and was successfully selected as a "National Intelligent Manufacturing Demonstration Factory". It was also selected as a "typical case for Quality Improvement in Industry and Information Technology in 2023" and a "typical case for Data Security Management Pilot in the Industrial Field" by the Ministry of Industry and Information Technology.

(II) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Major business performance by products

(Unit: RMB)

Product	Operating revenue	Operating costs	Gross profit margin (%)	Year-over-year change in operating revenue (%)	Year-over-year change in operating costs (%)	Year-over-year change in gross profit margin (percentage point)
Cement	18,331,734,881	13,425,727,572	26.76	-2.64	-3.72	Increased by 0.82 percentage points
Concrete	7,652,223,198	6,467,900,216	15.48	49.08	49.68	Decreased by 0.33 percentage points
Aggregate	5,363,828,939	2,902,999,002	45.88	75.01	111.76	Decreased by 9.39 percentage points
Commercial clinker	947,002,919	843,819,065	10.90	-46.14	-46.5	Increased by 0.60 percentage points
Others	1,462,297,335	1,100,968,872	24.71	-13.2	-13.17	Increased by 0.02 percentage points
Total	33,757,087,272	24,741,414,727	26.71	10.79	10.05	Increased by 0.49 percentage points

Major business performance by geographical locations

(Unit: RMB)

Areas	Operating revenue	Year-over-year change in operating revenue (%)
East China Region	6,816,096,064	25.46
Central China Region	11,694,525,821	1.40

South China Region	726,857,232	24.24
South West Region	9,030,192,677	3.84
Overseas	5,489,415,478	29.99
Total	33,757,087,272	10.79

During the Reporting Period, operating revenue increased by RMB 3.287 billion year-on-year. The sales volume of cement and clinker increased by 1.5 million tons (2.48%); the average price decreased as compared with last year, leading to the decrease in sales revenue by RMB 1.309 billion. The sales volume of ready-mix concrete ("**RMX**") increased by 10.88 million cubic meter (66%), which offset the sales price decline of RMB 33 cubic meter (-10%), the sales revenue still increased by RMB 2.519 billion. The sales volume of aggregate increased by 65.58 million tons (100%), which covered sales price drop of RMB 6 per ton (-12%), the sales revenue increased by RMB 2.299 billion.

During the Reporting Period, the operating cost increased by RMB 2.259 billion over last year, including a significant increase in the sales volume of RMX and aggregate, with a cost increase of RMB 3.679 billion. The cost decreased by RMB 1.252 billion due to the reduction in the sales volume and production cost of cement and clinker.

During the Reporting Period, the sales price of cement and clinker decreased slightly over last year while the energy cost decreased as well, leading to the increase of gross profit margin by 1.37 percentage points against last year. As a result, the gross profit margin of 2023 increased by 0.49 percentage points against last year.

By regions, despite of the decline in domestic cement and clinker sales volume, the sales volume of RMX and aggregate increased significantly, leading to the increase of operating revenue in different regions; with the completion of overseas merges and acquisitions and equipment upgrade, the overseas revenue increase by 30%.

2. Analysis of costs and expenses

According to products

(Unit: RMB)

Product	Cost item	Current period amount	Proportion of the total cost (%)	Same period of last year	Proportion of the total cost (%)	Change over the same period of last year (%)
Cement	Raw materials	1,833,027,915	13.7	1,516,099,305	10.9	20.9
	Fuel and power	7,635,120,047	56.9	8,304,767,922	59.6	-8.1
	Depreciation and amortization	1,013,868,363	7.6	1,154,040,629	8.3	-12.1
	Labor and Others	2,943,711,247	21.8	2,969,750,795	21.4	-0.9
Clinker	Raw materials	58,417,908	6.9	97,854,807	6.2	-40.3
	Fuel and power	569,638,378	67.5	1,081,584,546	68.6	-47.3
	Depreciation and amortization	65,597,152	7.8	119,731,427	7.6	-45.2
	Labor and Others	150,165,627	17.8	277,990,375	17.6	-46.0
Concrete	Raw materials	3,980,483,868	61.5	3,229,409,283	74.7	23.3
	Fuel and power	264,493,079	4.1	30,591,619	0.7	764.6
	Depreciation and amortization	450,460,019	7.0	115,748,201	2.7	289.2
	Labor and Others	1,772,463,250	27.4	945,513,902	22.0	87.5
Aggregate	Raw materials	256,138,557	8.8	105,114,342	7.7	143.7
	Fuel and power	290,369,055	10.0	127,654,708	9.3	127.5
	Depreciation and amortization	861,664,269	29.7	253,509,582	18.5	239.9
	Labor and Others	1,494,827,121	51.5	884,585,859	64.5	69.0

Change in major expenses items prepared in accordance with the PRC Accounting Standards

(Unit: RMB)

Item	2023	2022	Change (%)
Selling and distribution expenses	1,518,891,019	1,371,820,965	10.72
General and administrative expenses	1,819,305,056	1,582,539,460	14.96
Finance costs	698,520,798	458,488,171	52.35

Finance costs increased by 52.35% from last year, mainly due to the increase in the interest payment.

3. Profitability

(Unit: RMB)

Item	2023	2022	Change (%)
Operating revenue	4,351,500,618	4,022,570,540	8.18
Profit before tax	4,326,247,137	3,988,085,596	8.48
Net profit attributable to shareholders of the Company	2,762,116,715	2,698,868,510	2.34

During the Reporting Period, the Company overcame the adverse impact of the continued decline in domestic cement demand and achieved breakthroughs in overseas development. The sales volume of cement increased compared with last year; in the meantime, the integration development made remarkable progress, as evidenced by the significant increse in aggregate and RMX sales. The total profit increased by RMB 338 million as compated with last year, in which the net profit attributable to the shareholders of the Company increased by RMB 63 million.

4. Financial positions

Assets and Liabilities

Changes in assets and liabilities prepared in accordance with the PRC Accounting Standards

(unit: RMB)

Item	As at 31 December 2023	Percentage of amount as at 31 December 2023 to the total assets (%)	As at 31 December 2022	Percentage of amount as at 31 December 2022 to the total assets (%)	Change against the amount as at 31 December 2022 (%)	Remarks
Financial assets held for trading	1,495,675	-	41,711,538	0.06	-96.41	Disposal of related financial products
Accounts receivable	2,259,496,157	3.28	1,382,631,200	2.15	63.42	Expansion of the concrete business scale
Other receivables	747,268,432	1.09	477,956,891	0.74	56.35	Increase in receivables from asset disposals
Other current assets	1,459,951,396	2.12	677,454,529	1.05	115.51	Increase of fixed term deposit
Long-term receivables	80,976,447	0.12	131,594,447	0.20	-38.47	Collection of maturing loans
Construction in progress	3,614,814,430	5.25	6,575,465,631	10.24	-45.03	Transferred to fixed assets after commissioning of 100 million tons of sand and other projects
Right-of-use assets	1,680,707,457	2.44	979,311,070	1.52	71.62	Scale expansion of RMX business led to the increase of leasing assets
Development expenditure	69,333,195	0.10	45,429,082	0.07	52.62	Increase in investment in intelligent research and development
Deferred tax assets	554,133,589	0.81	387,429,400	0.60	43.03	Tax loss and overseas mergers and acquisitions led to the increase
Employee compensation payable	312,414,840	0.45	131,081,719	0.20	138.34	Expansion of operation scale and employee led to the increase of short-term incentive
Non-current liabilities due within one year	6,720,902,895	9.77	4,427,049,341	6.89	51.81	Some corporate bonds are due to mature soon
Lease liabilities	1,348,727,671	1.96	759,905,754	1.18	77.49	Scale expansion of RMX business led to the increase of leasing assets
Long-term payables	330,821,706	0.48	2,837,076,467	4.42	-88.34	Payment of mining rights transfer price
Estimated liabilities	757,554,644	1.10	442,260,626	0.69	71.29	Increase in provision for mine reclamation expenses
Deferred tax liabilities	1,123,626,046	1.63	586,568,845	0.91	91.56	Overseas mergers and acquisitions increased
Less: Treasury stock	62,203,991	0.09	610,051,971	0.95	-89.80	Part of repurchased shares called option or cancelled due to being unattributed
Other comprehensive income	-548,746,925	-0.80	-175,257,484	-0.27	213.11	Depreciation of foreign subsidiary currencies relative to the RMB
Special reserves	63,717,385	0.09	37,644,851	0.06	69.26	Balance of safety production expenses

Analysis of cash flow

Comparison of net cash flow prepared in accordance with the PRC Accounting Standards

(Unit: RMB)

Item	Amount for current period	Amount for same period of last year same period	Change (%)
Net cash flows from operating activities	6,235,555,071	4,567,694,220	36.51
Net cash flows from investing activities	-6,453,904,653	-8,383,336,829	23.02
Net cash flows from financing activities	-951,747,856	1,771,835,223	-153.72

Net cash flow from operating activities increased by RMB 1.668 billion compared with last year, mainly due to the increase in profits during the Reporting Period.

Net cash outflow from investing activities increased by RMB 1.929 billion compared with last year, mainly due to the decrease of acquisition of assets and construction expenditures during the Reporting Period.

Net cash flow from financing activities decreased by RMB 2.724 billion compared with last year, mainly due to the increase in repayment of maturing loans during the Reporting Period.

Analysis of liquidity

(Unit: RMB)

Item	As at 31 December 2023	As at 31 December 2022	Change (%)
Interest-bearing liabilities	16,957,076,310	14,494,878,839	16.99
Asset-liability ratio	51.60%	52.00%	Decreased by 0.4 percentage points

As of the end of the Reporting Period, the interest-bearing liabilities increased by 16.99% compared with the beginning of the Reporting Period, mainly attributed by the increase of long-term loans and corporate bonds. The asset-liability ratio was optimized, decreased by 0.39 percentage points.

(III) Material Acquisitions and Disposals of Subsidiaries and Associated Companies

1.Matters related to the acquisition of equites of Oman Cement Company SAOG

On 13 March 2023, Huaxin (Hong Kong) International Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Investment Authority SPC to purchase 59.98% of the issued shares of the Oman Cement Company SAOG at the consideration of USD 193.1 million (adjustable, based on the audited closing financial statements net cash and working capital at completion).

On 5 April 2023, the acquisition of the 59.58% interests was completed. On 2 July 2023, the offer to the remaining shareholders of Oman Cement Company SAOG to acquire the shares in the company was completed.

The transaction has been completed. At a total consideration of USD 210.8 million, through Abra Holdings Ltd, an indirectly wholly-owned subsidiary of the Company, the Company holds 64.66% equity interests in Oman Cement Company SAOG.

2. Matters related to the acquisition of equites of Natal Portland Cement Company (Pty) Ltd.

On 27 June 2023, Huaxin (Hong Kong) International Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with INTERCEMENT TRADING INVERSIONES, S.A.U. to purchase 100% of the issued shares of Natal Portland Cement Company (Pty) Ltd. at a consideration of USD 231.6 million.

The transaction was completed on 26 December 2023.

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the Reporting Period.

(IV) Connected Transaction

During the Reporting Period, the Company has no connected transactions which are required to be disclosed under the Listing Rules.

(V) Outlook for 2024

1. Industrial pattern and trend of development

(1) Macro situation of the domestic building materials industry

2024 is a crucial year for implementing the "14th Five-Year Plan". In December 2023, the Central Economic Work Conference once again emphasized the need to focus on promoting high-quality development in 2024, highlighting key areas, grasping critical points, and solidly carrying out economic work. It advocates steady progress, seeks progress while maintaining stability, and tackles difficulties head-on. In conjunction with the government's comprehensive implementation of the "carbon peaking and carbon neutrality" to achieve the "3060" goal (which refers to combating climate change by promoting the reduction of greenhouse gas emissions, mainly carbon dioxide), the cement industry in China faces both opportunities and challenges in 2024. The industry outlook is as follows:

Overall demand for building materials domestically is still facing challenges in recovery. Due to the continued presence of various external uncertainties, the foundation for China's economic recovery and improvement still needs to be consolidated. Infrastructure investment will remain a key driver of economic stability and growth in 2024. However, the overall real estate market is still in a period of deep adjustment. Although projects such as the construction of guaranteed housing, construction of "dual-use" (both commercially viable and public) public infrastructure, and renovations of villages in cities are progressing, actual new construction areas and development investments may continue to decline. It is anticipated that the demand for domestic building materials such as cement, aggregates, and concrete will still struggle to rebound in 2024. Nonetheless, China remains the world's largest building materials market, with its consumption accounting for over 50% of the global market.

Overcapacity exacerbates in the cement industry, and supply-side reform for the industry urgently needs a new way of execution. The weakening demand for cement has increasingly highlighted the problem of overcapacity, making it a key focus of the current supply-side structural reform in the industry. Implementing measures such as normalizing off-peak production, power restrictions, and strengthening environmental protection to reduce cement production has been proven insufficient to reverse the current imbalance between supply and demand. It is urgently needed to accelerate the clearance of inefficient excess capacity in the industry through new paths such as dual control of energy consumption and carbon emissions. Increasing industry concentration remains the ultimate and sole pathway forward.

Energy conservation, emission reduction, green and low-carbon initiatives, digital intelligence, and extending the industrial chain have become the leading directions for the high-quality development of the industry. With the continuous advancement of China's "dual carbon" goal, the cement industry will accelerate its transformation towards greener, more intelligent, and more digitized development. Leading cement enterprises will continue to expand their industrial chains, increase investment in technological innovation, promote industry-wide co-processing and utilization of solid wastes, promote digitized and intelligent transformation, and expand into new energy sources. This will significantly enhance energy efficiency and resource utilization levels. Inefficient cement production capacity that fails to meet efficiency and emission standards will gradually phase out.

High production costs, pressure on cement prices, intensified market competition, and unfavorable industry profitability. The uncertainty in energy markets has led to high production costs for cement companies; additionally, compliance requirements such as energy consumption reduction, carbon reduction, ultra-low emissions, safety, environmental protection, and mining rectification continue to increase the investment required for technological upgrades, resulting in a continuous increase in various production costs for enterprises. In an environment where cement market demand is declining but excess capacity has not been effectively cleared, conditions for excessive competition will occasionally arise.

(2) Macro industry situation in related international markets

According to the International Monetary Fund's forecasts, the global economy is showing signs of weak recovery and improvement in 2024, with significant differentiation in regional economic development. Emerging and developing economies in Asia are expected to demonstrate impressive economic growth rates, while the Middle East, East Asia, and Sub-Saharan Africa are also expected to perform well economically. The countries where the Company's overseas business operates are expected to lead in terms of economic development, with prospects for good development trends. Among them, Tajikistan, Uzbekistan, Cambodia, Tanzania, and Mozambique are expected to achieve rapid economic development of 5% or more in the next two years.

According to a survey conducted by On Field, an international industry research institution, global cement demand excluding China is expected to increase by 2.4% in 2024 compared to the previous year, mainly driven by growth in cement demand in India, the Middle East, and Africa. The countries where the Company's overseas business operates mostly maintain a growth trend in cement demand.

2. Development strategy of the Company

In 2024, the Company will continue to promote the corporate culture of "integrity, dedication, pragmatism, innovation," and adhere to the values of "safety first, customer centric, result orientated, act with integrity, ensure sustainable growth and people oriented" to pursue the corporate vision "Beautiful world starts with us". Following the mission of "Clean our living environment, supply reliable building material" and the concept of whole lifecycle green low carbon building materials, the Company will strive to implement and deepen four strategies of "integrated transformation, overseas development, expansion to new building material, digitization in traditional industry". The Company will accelerate the high-end, green and intelligent transformation, while pioneer in low carbon and sustainable development to catapult the Company in becoming a global enterprise.

3. Business Plan

(1) Completion of the 2023 business plan

In 2023, the Company achieved operating revenue of RMB 33.757 billion, achieving 97.39% of the annual budget despite of decrease in demand and fierce competition. The sales volume of cement and clinker was 109% of the annual budget, the sales volume of concrete was 109% of the annual budget, the sales volume of aggregate was 101% of the annual budget, and the disposal volume of eco business was 78% of the annual budget.

In 2023, the actual budget completion rate on overall investment was 62.88%.

By the end of 2023, total assets of the Company were RMB 68.8 billion and the asset-liability ratio was 51.6%.

(2) Business Plan for 2024

In 2024, the Company plans to sell 63.00 million tons cement and clinker, 156 million tons aggregate, 30.52 million cubic meters RMX and 4.28 million tons eco disposal. The total operating revenue is expected to be RMB 37.1 billion.

In 2024, the Company plans to invest approximately RMB 6.9 billion, mainly for deploying in the production capacity of aggregate, RMX, overseas cement and alternative fuels.

In 2024, total assets of the Company are expected to be about RMB73.7 billion and the asset-liability ratio is expected to be around 51%.

To achieve the above business objectives, the Company will take following measures:

[1] Uphold the "safety and environmental protection" lifeline and set benchmarks for clean and standardized production in the industry. Continuously carry out activities to ensure the final mile of safety production, annual health and safety audits, on-site management support, environmental audits, and environmental risk assessments, and promote the implementation of the Company's safety regulations and systems at the grassroots level.

[2] Continuously strengthen regulatory compliance efforts to prevent and eliminate potential business risks. Improve operational capital turnover efficiency to avoid liquidity risks; strictly enforce accountability and enhance daily supervision of internal control execution; establish a compliance management system and mechanism for lawful and compliant operations and governance, and focus on enhancing the capability to prevent and resolve major risks; adhere to the "Incorruptible Huaxin" initiative, with a zero-tolerance approach to punish corruption.

[3] Focus on objectives, study the market meticulously, implement targeted strategies, leverage strengths, and maintain leadership. Shape a healthy cement market by focusing on core market share and valuable customers with flexible strategies; strengthen product branding and market development, expand from cement to aggregates, ready-mixed concrete, new materials, and other non-cement products, and effectively enhance the competitiveness of products in the market.

[4] Focus on costs, optimize energy consumption and emissions, and take multiple measures to continuously reduce various costs. In the cement business, continue to reduce costs; increase efforts in direct procurement to reduce procurement costs; improve procurement business management processes and system rules, and promote clean procurement.

[5] Firmly implement the Company's four major strategies to ensure steady development. Continue to promote integrated project construction and promote the integrated development of the industrial chain based on cement, including aggregates, concrete, wall materials, environmental protection, equipment engineering, and packaging. Adhere to digital innovation to support the Company's strategic transformation, and help the Company achieve high-speed and high-quality development of its business.

[6] Establish a sound talent management mechanism to reserve talents at all levels and in all fields and lay a solid foundation for enhancing the Company's talent competitiveness. Carry out reforms in the salary system, and guide employees to positions or areas where the Company needs them the most; innovate in talent introduction methods, focus on reserving scarce talents, special talents, and outstanding talents, and open up "dedicated channels" for talent development.

4. Potential Risks

Drop in the domestic cement demand and severe overcapacity may result in declining performance. Cement demand dropped significantly as a result of various factors such as gloomy real estate market and increasing downward economic pressure. In the medium term, with the continuous optimization of the Chinese economic structure, the cement demand will show a downward trend or become normalized. In the absence of any significant change in the severe overcapacity situation in the cement industry, the decline in demand will intensify market competition, and the continued pressure on cement prices will have an adverse impact on the operating performance of the Company.

Risks of safe production and compliant operation of low carbon. The Company's production operations cover quarry exploitation, cement and cement product production, hazardous waste, household garbage, sludge disposal and other businesses. As the PRC government increasingly enforces stringent requirements on enterprise safety production and environmental protection emissions, any such accident occurrence in production will damage the reputation and bring financial loss to the Company, and will have an adverse impact on the Company's operations. In addition, under the backdrop of "carbon reduction", the quota for energy consumption will be elevated and become more stringent. As cement is one of the key industries of "dual control of energy consumption", the plants that fail to meet the industry benchmark will be considered as low efficient production capacity and face the risk of elimination.

Risks of surging production cost. The energy market has many uncertainties due to the overseas situation, supply demand landscape and policies, resulting in high production cost for the cement enterprises. With the goal of carbon peak and carbon neutrality, energy consumption, safety, eco protection, transportation overload and quarry treatment requirements will be stricter. Therefore, enterprises need to invest more in technology upgrade, hence adding further burden on production cost factors. In addition, the concept of "our environment is our treasure" is gaining momentum, therefore the cost of obtaining quarry right is surging as well.

Risk of international operation. Overseas development is one of the four strategies of the Company. The current international situation is complicated. Factors such as geopolitical conflicts, economic and trade disputes, financial market turmoil, and commodity price shocks have increased the risk of instability and uncertainty in the development of the global economy. In addition, the political, economic, social, and religious complexities of different countries, as well as the differences in legal systems, together with fluctuations in exchange rates and its foreign reserves, will bring challenges to the Company's international business development.

To cope with the above risks, the Company will take following measures to enhance competitiveness and resilience:

[1] The Company shows the sense of responsibility of a large enterprise to actively implements national policies and measures such as "supply-side structural reform", "carbon reduction", "dual control of energy consumption and intensity", and local government off-peak production to promote the healthy development of the industry.

[2] The Company adopts the concept of whole lifecycle of green and low-carbon building materials, adheres to the concept of "safety and eco-friendly" as the bottom line of production, sets up the industry benchmark for clean and civilized production, increases investment in safe and eco protection to further eliminate/prevent potential environmental risks.

[3] Driven by technology innovation, the Company plans to build highly intelligent "unmanned plant" through technological transformation and digital technology innovation to improve operation efficiency and reduce costs.

[4] Strengthen and refine the marketing ability, and focus on the core markets, valuable clients and smart marketing to improve the efficiency.

[5] Continuously optimize the energy consumption targets; utilize centralized procurement to reduce procurement costs.

[6] Further optimize the employment and human resources mechanism to promote the sustainable, stable and healthy development of the Company.

[7] Actively implement various risk hedging strategies to reduce regional economic and foreign exchange risk exposure.

VIII. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There was no significant events after the Reporting Period and up to the date of the announcement.

IX. RECOMMENDED DIVIDEND DISTRIBUTION

The net profit of the Company in 2023 amounted to RMB 2,482,299,167, and the consolidated net profit attributable to the shareholders of the Company amounted to RMB 2,762,116,715. The amount of profits of the Company available for distribution was RMB 9,921,766,405 as at 31 December 2023.

The Board proposes that on the basis of the total 2,078,995,649 shares, a cash dividend of RMB 0.53 per share (incl. tax) shall be distributed to all shareholders of the Company. The balance will be booked as undistributed profit. The Board also proposes that no capital reserve shall be converted into share capital for 2023.

The profit distribution plan is subject to consideration and approval at the 2023 annual general meeting of the Company (the "**AGM**"). Notice of the 2023 AGM will be published in due course to announce the date of 2023 AGM and the related book closure arrangements including the arrangement of book closure for the final dividend.

X. FINANCIAL INFORMATION

Financial information extracted from the audited consolidated income statement and consolidated cash flow statement of the Group for the year ended 31 December 2023 and the audited consolidated balance sheet as at 31 December 2023, together with the 2022 comparative figures, which were prepared under the PRC Accounting Standards, are presented as follows:

1. CONSOLIDATED BALANCE SHEET

(Unit: RMB)

Items	Notes	As at 31 December 2023	As at 31 December 2022
Current assets:			
Cash and bank balances		5,849,465,351	7,038,341,792
Held for trading financial assets		1,495,675	41,711,538
Notes receivable		275,075,423	545,960,470
Accounts receivable	4（1）	2,259,496,157	1,382,631,200
Receivables financing	4（2）	746,018,692	527,248,935
Prepayments		417,878,731	353,870,798
Other receivables		747,268,432	477,956,891
Inventories		3,462,938,165	3,405,122,012
Other current assets		1,459,951,396	677,454,529
Total current assets		15,219,588,022	14,450,298,165
Non-current assets:			
Debt investments		7,500,000	7,500,000
Long-term receivables		80,976,447	131,594,447
Long-term equity investments		512,863,351	438,886,647
investments		964,633,899	1,012,850,323
Other non-current financial assets		26,807,920	25,067,265
Fixed assets		27,752,373,906	22,720,804,975
Construction in progress		3,614,814,430	6,575,465,631
Right-of-use assets		1,680,707,457	979,311,070
Intangible assets		15,957,837,101	15,182,751,513
Development expenditure		69,333,195	45,429,082
Goodwill		769,271,896	618,543,411
Long-term prepaid expense		956,770,986	817,417,303
Deferred tax assets		554,133,589	387,429,400
Other non-current assets		632,656,064	848,327,033
Total non-current assets		53,580,680,241	49,791,378,100
Total assets		68,800,268,263	64,241,676,265

(Unit: RMB)

Items	Notes	As at 31 December 2023	As at 31 December 2022
Current liabilities:			
Short-term borrowings		644,333,928	593,415,661
Notes payable		935,465,582	729,227,787
Accounts payable	4（3）	7,827,004,238	8,366,283,316
Contract liabilities		717,019,466	681,610,930
Employee benefits payable		312,414,840	131,081,719
Taxes payable		705,993,128	692,510,079
Other payables		1,004,517,942	915,096,046
Non-current liabilities due within one year		6,720,902,895	4,427,049,341
Other current liabilities		66,563,047	88,609,421
Total current liabilities		18,934,215,066	16,624,884,300
Non-current liabilities:			
Long-term borrowings		8,623,019,715	7,282,088,824
Bonds payable		3,964,479,030	4,426,286,852
Including: preferred shares		147,690,327	148,943,421
Lease liabilities		1,348,727,671	759,905,754
Long-term payables		330,821,706	2,837,076,467
Long-term employee benefits payable		58,844,121	47,606,682
Provisions		757,554,644	442,260,626
Deferred income		264,404,822	291,877,454
Deferred tax liabilities		1,123,626,046	586,568,845
Other Non-current liabilities		99,693,000	104,940,000
Total non-current liabilities		16,571,170,755	16,778,611,504
Total liabilities		35,505,385,821	33,403,495,804
Shareholders' Equity：			
Share capital		2,078,995,649	2,096,599,855
Capital reserve		1,586,014,852	1,975,889,177
Less: Treasury shares		62,203,991	610,051,971
Other comprehensive income		(548,746,925)	(175,257,484)
Special reserve		63,717,385	37,644,851
Surplus reserve		1,111,880,257	1,111,880,257
Retained profits		24,703,292,620	23,009,600,343
Total equity attributable to owners of the Company		28,932,949,847	27,446,305,028
Non-controlling interests		4,361,932,595	3,391,875,433
Total equity		33,294,882,442	30,838,180,461
Total liabilities and equity		68,800,268,263	64,241,676,265

2. CONSOLIDATED INCOME STATEMENT

(Unit: RMB)

Items	Notes	2023	2022
I. Total operating income	4（4）	33,757,087,272	30,470,382,363
Including: Operating income		33,757,087,272	30,470,382,363
Less: Total operating costs		29,824,159,526	26,558,704,977
Including: Cost of sales	4（4）	24,741,414,727	22,481,901,607
Taxes and surcharges		744,928,971	585,791,991
Selling expenses		1,518,891,019	1,371,820,965
Administrative expenses		1,819,305,056	1,582,539,460
Research and development expenses		301,098,955	78,162,783
Finance cost	4（5）	698,520,798	458,488,171
Including: Interest expenses		722,067,696	406,554,646
Interest income		132,479,213	84,844,797
Add: Other income		175,071,378	217,317,644
Investment income		59,287,160	17,140,874
Including: Income from investments in associates and a joint venture		21,308,548	(15,582,356)
Gains (Loss)from changes in fair value		(36,444,365)	18,990,720
Impairment losses on credit		(67,940,915)	(21,555,697)
Impairment losses on assets		(137,928,755)	(113,838,596)
Gains(Loss) on disposals of assets		426,528,369	(7,161,791)
II. Operating profit		4,351,500,618	4,022,570,540
Add: Non-operating income		62,786,683	40,698,667
Less: Non-operating expenses		88,040,164	75,183,611
III. Profit before tax		4,326,247,137	3,988,085,596
Less: Income tax expense	4（6）	1,108,149,035	964,530,723
IV. Net profit		3,218,098,102	3,023,554,873
(i) Classified by continuity of operations			
1. Net profit from continuing operations		3,218,098,102	3,023,554,873
2. Net profit from discontinued operations		-	-
(ii) Classified by ownership of the equity			
1. Net profit attributable to the owners of the of the Company		2,762,116,715	2,698,868,510
2. Non-controlling interests		455,981,387	324,686,363

(Unit: RMB)

Items	Notes	2023	2022
V. Other comprehensive income, net of tax		(422,303,449)	239,446,671
Other comprehensive income attributable to owners of the Company, net of tax		(373,489,441)	130,092,648
(i) Other comprehensive income that cannot be reclassified to profit or loss investments		(36,162,319)	(32,262,556)
1. Changes in fair value of other equity instrument		(36,162,319)	(32,262,556)
(ii) Other comprehensive income to be reclassified into profit or loss		(337,327,122)	162,355,204
1. Exchange differences on translation of financial statements denominated in foreign currencies		(337,327,122)	162,355,204
Other comprehensive income attributable to minority interests, net of tax		(48,814,008)	109,354,023
VI. Total comprehensive income		2,795,794,653	3,263,001,544
Total comprehensive income attributable to owners of the Company		2,388,627,274	2,828,961,158
Total comprehensive income attributable to minority interests		407,167,379	434,040,386
VII. Earnings per share	4（7）		
(i) Basic earnings per share (RMB)		1.33	1.30
(ii) Diluted earnings per share (RMB)		1.32	1.28

3. CONSOLIDATED CASH FLOW STATEMENT

(Unit: RMB)

Items	Notes	2023	2022
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		30,570,922,906	28,725,662,825
Receipts of tax refunds		79,062,239	94,306,041
other cash receipts relating to operating activities		371,280,226	366,471,932
Subtotal of cash inflows from operating activities		31,021,265,371	29,186,440,798
Cash payments for goods purchased and services received		17,099,349,714	17,733,229,137
Cash payments to and on behalf of employees		2,552,757,596	2,692,241,310
Payments of various types of taxes		3,524,544,060	3,166,840,307
Other cash payments relating to operating activities		1,609,058,930	1,026,435,824
Subtotal of cash outflows from operating activities		24,785,710,300	24,618,746,578
Net cash flows from operating activities		6,235,555,071	4,567,694,220
II. Cash flows from investing activities:			
Cash receipts from redemption of investments		3,236,801,613	4,043,000,000
Cash receipts from investment income		24,254,545	32,456,515
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		220,665,903	36,180,723
Net cash receipts from disposal of subsidiaries and other business units other cash receipts relating to investing activities		-	-
other cash receipts relating to investing activities		270,418,412	111,634,822
Subtotal of cash inflows from investing activities		3,752,140,473	4,223,272,060
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets		4,850,149,645	7,718,000,495
Cash payments for investments		3,230,000,000	4,343,000,000
Net cash payments for acquisition of subsidiaries and other business units		2,100,895,481	66,365,072
Cash payments for other investing activities		25,000,000	479,243,322
Subtotal of cash outflows from investing activities		10,206,045,126	12,606,608,889
Net cash flows from investing activities		(6,453,904,653)	(8,383,336,829)

(Unit: RMB)

Items	Notes	2023	2022
III. Cash flows from financing activities:			
Cash receipts from capital contributions		221,161,655	546,007,402
Cash receipts from borrowings		4,977,397,505	5,485,850,938
Cash receipts from issuance of bonds		798,993,208	897,847,746
other cash receipts relating to financing activities		111,819,354	20,024,115
Subtotal of cash inflows from financing activities		6,109,371,722	6,949,730,201
Cash repayment of borrowings		4,360,070,031	2,091,765,395
Cash payment for distribution of dividends or profits or settlement interest expenses		2,195,276,409	2,813,259,066
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		432,893,052	268,262,311
other cash payments relating to financing activities		505,773,138	272,870,517
Subtotal of cash outflows from financing activities		7,061,119,578	5,177,894,978
Net cash flows from financing activities		(951,747,856)	1,771,835,223
IV. Effect of foreign exchange rate change on cash and cash equivalents		(75,808,355)	109,354,023
V. Net increase in cash and cash equivalents		(1,245,905,793)	(1,934,453,363)
Add: Balance of cash and cash equivalents at the beginning of the year		6,616,021,778	8,550,475,141
VI. Balance of cash and cash equivalents at the end of the year		5,370,115,985	6,616,021,778

4. FINANCIAL NOTES

(1). Accounts receivable

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing.

(Unit: RMB)

Aging	31 December 2023	31 December 2022
Within 6 months	1,774,340,469	1,130,096,842
6 - 12 months	327,137,999	164,377,772
1 - 2 years	228,421,668	129,150,787
2 - 3 years	41,812,808	34,853,374
Over 3 years	123,484,774	102,009,512
	2,495,197,718	1,560,488,287
Less: Provision for bad debts of accounts receivable	235,701,561	177,857,087
Total	2,259,496,157	1,382,631,200

The aging of accounts receivable is calculated from the date of delivery of goods or provision of services to the customers.

Movements in provision for bad debts of accounts receivable are as follows:

(Unit: RMB)

	31 December 2023	31 December 2022
Opening balance	177,857,087	164,229,940
Provision for the year	72,853,044	32,215,778
Reversal for the year	(10,566,896)	(15,619,947)
Write-off for the year	(4,441,674)	(2,968,684)
Closing balance	235,701,561	177,857,087

(Unit: RMB)

31 December 2023

	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which bad debt provision is assessed on an individual basis	134,004,127	5	110,292,647	82	23,711,480
Receivables for which bad debt provision is assessed on a portfolio basis	2,361,193,591	95	125,408,914	5	2,235,784,677
	2,495,197,718		235,701,561		2,259,496,157

(Unit: RMB)

	31 December 2022				
	Balance of carrying amount		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which bad debt provision is assessed on an individual basis	98,103,130	6	95,999,329	98	2,103,801
Receivables for which bad debt provision is assessed on a portfolio basis	1,462,385,157	94	81,857,758	6	1,380,527,399
	1,560,488,287		177,857,087		1,382,631,200

As at 31 December 2023, receivables for which bad debt provision is assessed on an individual basis are as follows:

(Unit: RMB)

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate(%)	Reasons for provision
Client A	15,380,800	15,380,800	100	All unrecoverable
Client B	11,322,334	11,322,334	100	All unrecoverable
others	107,300,993	83,589,513	78	Partial unrecoverable
	134,004,127	110,292,647		

As at 31 December 2022, receivables for which bad debt provision is assessed on an individual basis are as follows:

(Unit: RMB)

	Balance of carrying amount	Provision for bad debts	Expected credit loss rate(%)	Reasons for provision
Client A	14,860,792	14,860,792	100	All unrecoverable
Client B	11,133,541	11,133,541	100	All unrecoverable
others	72,108,797	70,004,996	97	Partial unrecoverable
	98,103,130	95,999,329		

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of cement receivable:

(Unit: RMB)

	31 December 2023		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	325,866,489	4	14,144,194
6 to 12 months	55,253,154	12	6,724,525
1 to 2 years	23,819,665	34	8,050,877
2 to 3 years	5,911	67	3,985
over 3 years	4,453,387	95	4,236,199
Total	409,398,606		33,159,780

(Unit: RMB)

	31 December 2022		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	159,390,322	10	15,779,642
6 to 12 months	15,821,440	22	3,433,252
1 to 2 years	3,427,081	39	1,326,281
2 to 3 years	558,200	51	286,915
over 3 years	4,250,072	87	3,704,599
Total	183,447,115		24,530,689

Category of RMX receivable:

(Unit: RMB)

	31 December 2023		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	1,220,853,730	2	24,796,873
6 to 12 months	224,585,016	3	7,836,216
1 to 2 years	138,800,207	13	18,258,342
2 to 3 years	16,256,605	43	6,924,084
over 3 years	6,295,847	74	4,672,266
Total	1,606,791,405		62,487,781

(Unit: RMB)

	31 December 2022		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	715,028,831	3	20,020,807
6 to 12 months	96,428,358	4	4,242,848
1 to 2 years	69,378,032	14	9,782,303
2 to 3 years	10,204,160	41	4,214,318
over 3 years	12,002,098	70	8,379,872
Total	903,041,479		46,640,148

Portfolio provision: Category of other business receivables

(Unit: RMB)

	31 December 2023		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	209,890,138	2	3,530,931
6 to 12 months	45,416,292	5	2,109,953
1 to 2 years	46,934,251	12	5,712,494
2 to 3 years	12,595,669	34	4,222,709
over 3 years	30,167,230	47	14,185,266
Total	345,003,580		29,761,353

(Unit: RMB)

	31 December 2022		
	Balance of carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	255,677,689	-	1,022,711
6 to 12 months	52,127,974	1	521,280
1 to 2 years	49,753,780	3	1,542,367
2 to 3 years	11,155,002	10	1,126,655
over 3 years	7,182,118	90	6,473,908
Total	375,896,563		10,686,921

Amounts due from top 5 clients are summarized as below:

As at 31 December 2023, the top 5 of the balance of accounts receivable were as follows:

(Unit: RMB)

	31 December 2023			
	Closing balance	Percentage of total closing balance of accounts receivable (%)	Provision for bad debts	Net amount
First	49,852,408	2	6,718,447	43,133,961
Second	34,018,492	1	4,196,579	29,821,913
Third	19,501,326	1	2,145,146	17,356,180
Fourth	17,928,225	1	1,972,105	15,956,120
Fifth	15,806,474	1	1,738,712	14,067,762
Total	137,106,925		16,770,989	120,335,936

(Unit: RMB)

	31 December 2022			
	Closing balance	Percentage of total closing balance of accounts receivable (%)	Provision for bad debts	Net amount
First	37,452,352	2	437,516	37,014,836
Second	35,070,799	2	3,472,009	31,598,790
Third	30,475,151	2	854,011	29,621,140
Fourth	25,516,210	2	3,483,680	22,032,530
Fifth	25,375,792	2	710,522	24,665,270
Total	153,890,304		8,957,738	144,932,566

(2). Receivables financing

(Unit: RMB)

	31 December 2023	31 December 2022
Bank acceptance bills	746,018,692	527,248,935

Among them, the pledged receivables financing of the Group is as follows:

(Unit: RMB)

	31 December 2023	31 December 2022
Bank acceptance bills	-	26,413,178

Due to the needs of daily fund management, the subsidiaries of the Group endorsed or discounted bank acceptance bills. The business model for managing the above notes is aimed both at collecting contractual cash flows and at selling them The Group therefore classified bank acceptance bills as financial assets at fair value through other comprehensive income.

As at 31 December 2023, there was no bank acceptance bill pledged but undue used for issuing bank acceptance bill. (31 December 2022: RMB 26,413,178).

Bills endorsed or discounted but not yet due are as follows:

(Unit: RMB)

	31 December 2023		31 December 2022	
	Derecognized	Not Derecognized	Derecognized	Not Derecognized
Bank acceptance bills	2,036,671,648	-	1,931,042,708	-
	2,036,671,648	-	1,931,042,708	-

(3). Accounts payable

Accounts payable are non-interest bearing and shall generally be paid within 30-360 days.

(Unit: RMB)

	31 December 2023	31 December 2022
Within 1 year (inclusive of 1 year)	6,279,191,709	7,234,349,975
1 to 2 years (inclusive of 2 years)	747,849,708	631,936,804
2 to 3 years (inclusive of 3 years)	481,044,971	238,643,172
Over 3 years	318,917,850	261,353,365
	7,827,004,238	8,366,283,316

The aging of accounts payable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers.

As at 31 December 2023, there were no significant accounts payables aging more than one year (31 December 2022: Nil).

(4). Operating income and costs

(Unit: RMB)

	2023		2022	
	Revenue	Cost	Revenue	Cost
Principal operations	33,460,262,641	24,528,047,754	30,168,692,817	22,332,075,543
Other operations	296,824,631	213,366,973	301,689,546	149,826,064
	33,757,087,272	24,741,414,727	30,470,382,363	22,481,901,607

In 2023 and 2022, there was no single customer's revenue exceeded 10% of the Group's revenue.

Disaggregated operating revenue from contracts with customers is as follows:

(Unit: RMB)

Revenue recognition time	2023	2022
Revenue recognized at a point in time	33,097,148,643	29,775,628,777
Revenue recognized over a period of time	645,829,991	673,741,835
Lease Income-Operating Leases	14,108,638	21,011,751
	33,757,087,272	30,470,382,363
Main product types		
Sales of cement	18,331,734,881	18,829,682,529
Sales of RMX	7,652,223,198	5,132,828,829
Sales of aggregate	5,363,828,939	3,064,928,809
Sales of clinker	947,002,919	1,758,355,585
Others	1,462,297,335	1,684,586,611
	33,757,087,272	30,470,382,363

The revenue recognized in the current year and included in the carrying amount of contract liabilities at the beginning of the year is as follow:

(Unit: RMB)

	2023	2022
Sale of products	642,914,995	740,633,501
	642,914,995	740,633,501

(5). Finance costs

(Unit: RMB)

	2023	2022
Interest expenses	664,197,382	446,819,553
Interest expenses on lease liabilities	72,347,746	29,299,022
Less: Interest income	132,479,213	84,844,797
Less: Capitalized interest	14,477,432	69,563,929
Exchange gains	89,704,059	126,424,800
Others	19,228,256	10,353,522
	698,520,798	458,488,171

In 2023, the amount of capitalized borrowing costs has included in construction in progress of RMB 14,477,432 (2022: RMB 69,563,929)

(6). Income tax expense

(Unit: RMB)

	2023	2022
Current income tax expense	1,180,013,990	905,849,286
Deferred income tax expense	(71,864,955)	58,681,437
	1,108,149,035	964,530,723

A reconciliation of income tax expense and profit before tax is set out as follows:

(Unit: RMB)

	2023	2022
Profit before tax	4,326,247,137	3,988,085,596
Income tax expense calculated at 25% rate	1,081,561,784	997,021,399
Effect of preferential tax rates applicable to subsidiaries	(166,616,118)	(161,780,637)
Effect of non-taxable income	(6,047,761)	(2,351,173)
Expenses not deductible costs	28,395,848	33,531,186
Effect of additional deductions for research and development expenses	(16,741,936)	(12,338,653)
Effect of use of deductible losses and temporary differences from previous years	(23,043,729)	(48,468,160)
Effect of deductible temporary difference and deductible losses not recognized	152,676,943	136,768,254
Provision of income tax of expected incomes from overseas subsidiaries	56,289,852	-
Others	1,674,152	22,148,507
Income tax expense at the effective tax rate of the Group	1,108,149,035	964,530,723

(7). Earnings per share

(Unit: RMB)

	2023 RMB/share	2022 RMB/share
Basic earnings per share Continuing operations	1.33	1.30
Diluted earnings per share Continuing operations	1.32	1.28

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company (after deducting the expected future cash dividends to unlockable restricted shareholders) divided by the weighted average number of outstanding ordinary shares in issue.

The numerator of diluted earnings per share is determined by current net profit attributable to ordinary shareholders of the Company, adjusted for the effect of dilutive potential ordinary share.

The denominator of diluted earnings per share is equal to the sum of: (1) the weighted average number of ordinary shares of the parent company in issue in basic earnings per share; and (2) the weighted average number of additional ordinary shares assuming conversion of dilutive potential ordinary shares into ordinary shares.

In calculating the weighted average number of additional ordinary shares resulting from conversion of dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in the prior period are assumed to be converted at the beginning of the current period, and dilutive potential ordinary shares issued in the current period are assumed to be converted on the issue date.

Basic and diluted earnings per share are calculated as follows：

(Unit: RMB)

	2023	2022
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	2,762,116,715	2,698,868,510
Less： Expected future cash dividends to unlockable restricted shareholders	427,379	1,874,965
	2,761,689,336	2,696,993,545
Add： Expected future cash dividends to unlockable restricted shareholders	427,379	1,874,965
Less： The effect of subsidiaries dilutive potential ordinary share	26,694,823	46,923,087
Adjusted net profit for the year attributable to the ordinary shareholders of the Company	2,735,421,892	2,651,945,423
Attributed to：		
continuing operations	2,735,421,892	2,651,945,423
Shares		
Weighted average number of ordinary shares in issue of the Company	2,074,039,458	2,073,910,517
Restricted shares	848,093	2,389,465
Adjusted weighted average number of ordinary shares in issue of the Company	2,074,887,551	2,076,299,982

XI. PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.huaxincem.com).

The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to shareholders of the Company who requested printed copy and will be made available on the abovementioned websites in due course.

By Order of the Board
Huaxin Cement Co., Ltd.
XU Yongmo
Chairman

Wuhan, Hubei Province, the PRC
28 March 2024

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Li Yeqing (President) and Mr. Liu Fengshan (Vice President), as executive Directors; Mr. Xu Yongmo (Chairman), Mr. Martin Kriegner, Mr. Lo Chi Kong and Ms. Tan Then Hwee, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.

** For identification purpose only*