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CHINA SHANSHUI CEMENT GROUP LIMITED

中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 691)

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

SUMMARY

- Operating revenue for 2025 amounted to approximately RMB11,560,701,000 (2024: RMB14,509,866,000), representing a decrease of 20.3% as compared to 2024;
- Loss from operations for 2025 amounted to approximately RMB517,542,000, as compared to a profit from operations of RMB182,404,000 for 2024;
- Loss attributable to equity shareholders of the Company for 2025 amounted to approximately RMB983,007,000, as compared to a loss attributable to equity shareholders of the Company of RMB140,608,000 for 2024;
- Basic loss per share for 2025 was RMB0.23 (2024: basic loss per share RMB0.03).

The Board of Directors (the “**Board**”) of China Shanshui Cement Group Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the corresponding figures for the previous financial year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4(a)	11,560,701	14,509,866
Cost of sales		<u>(9,936,658)</u>	<u>(12,416,024)</u>
Gross profit		1,624,043	2,093,842
Other income	5	189,362	190,143
(Impairment losses)/reversal of impairment on trade receivables, net		(13,910)	10,876
Impairment losses on other receivables, net		(16,494)	(17,083)
Selling and marketing expenses		(242,405)	(279,593)
Administrative expenses		(1,073,075)	(1,168,523)
Other net expenses, gains and losses	6	(255,434)	39,610
Expenses incurred during off-peak suspension		<u>(729,629)</u>	<u>(686,868)</u>
(Loss)/profit from operations		(517,542)	182,404
Finance costs	7(a)	(181,615)	(215,934)
Share of results of associates		<u>(16,182)</u>	<u>(30,511)</u>
Loss before taxation	7	(715,339)	(64,041)
Income tax expense	8	<u>(375,737)</u>	<u>(125,000)</u>
Loss for the year		<u>(1,091,076)</u>	<u>(189,041)</u>
Attributable to:			
Equity shareholders of the Company		(983,007)	(140,608)
Non-controlling interests		<u>(108,069)</u>	<u>(48,433)</u>
Loss for the year		<u>(1,091,076)</u>	<u>(189,041)</u>
Loss per share			
Basic (RMB)	10	<u>(0.23)</u>	<u>(0.03)</u>
Diluted (RMB)		<u>(0.23)</u>	<u>(0.03)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	<u>(1,091,076)</u>	<u>(189,041)</u>
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Remeasurements of net defined benefit obligations	7,410	(24,720)
Exchange differences arising on translation from functional currency to presentation currency	<u>(17,043)</u>	<u>11,641</u>
Other comprehensive expense for the year	<u>(9,633)</u>	<u>(13,079)</u>
Total comprehensive expense for the year	<u>(1,100,709)</u>	<u>(202,120)</u>
Attributable to:		
Equity shareholders of the Company	(992,640)	(153,687)
Non-controlling interests	<u>(108,069)</u>	<u>(48,433)</u>
Total comprehensive expense for the year	<u>(1,100,709)</u>	<u>(202,120)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		15,335,905	16,373,192
Right-of-use assets		2,345,306	2,228,055
Investment properties		37,690	–
Intangible assets		1,801,232	1,992,921
Goodwill		14,224	14,224
Other financial assets		19,195	20,051
Interests in associates		395,194	441,976
Deferred tax assets		235,586	355,449
Other long-term assets		894,157	746,214
		21,078,489	22,172,082
Current assets			
Inventories		1,796,870	1,906,613
Trade and bills receivables	11	1,087,542	1,557,819
Prepayments and other receivables		880,277	1,129,968
Tax recoverable		92,914	67,886
Restricted bank deposits		893,088	692,672
Fixed bank deposits		556,025	515,652
Bank balances and cash		2,356,613	2,179,627
		7,663,329	8,050,237
Current liabilities			
Bank loans – amount due within one year	13	4,505,890	3,797,750
Trade payables	12	2,729,961	2,966,434
Other payables and accrued expenses		1,799,671	2,073,275
Contract liabilities		317,900	307,181
Taxation payable		320,550	100,540
Lease liabilities		16,667	8,082
		9,690,639	9,253,262
Net current liabilities		(2,027,310)	(1,203,025)
Total assets less current liabilities		19,051,179	20,969,057

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		31 December 2025	31 December 2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans – amount due after one year	13	805,170	1,567,710
Long-term payables		543,574	572,618
Defined benefit obligations		193,200	131,310
Deferred income		347,013	352,602
Lease liabilities		154,039	63,278
Deferred tax liabilities		24,217	89,333
		<u>2,067,213</u>	<u>2,776,851</u>
Net assets		<u>16,983,966</u>	<u>18,192,206</u>
Capital and reserves			
Share capital		295,671	295,671
Share premium		8,235,037	8,235,037
Share capital and share premium		8,530,708	8,530,708
Other reserves		8,652,299	9,644,939
Total equity attributable to equity shareholders of the Company		17,183,007	18,175,647
Non-controlling interests		(199,041)	16,559
Total equity		<u>16,983,966</u>	<u>18,192,206</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company’s functional currency is the United States dollar (“**USD**” or “**US\$**”). However, the presentation currency of the consolidated financial statement is the RMB in order to present the financial performance and financial position of the Group based on the economic environment in which the operating subsidiaries of the Group operate.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (“**IASB**”) for the first time, which is mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates”	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS Accounting Standards IFRS 18	Annual Improvements to IFRS Accounting Standards — Volume 11 ² Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or 1 January 2026.

³ Effective for annual periods beginning on or 1 January 2027.

Except as described below, the Directors of the Company (the “**Directors**”) anticipate that the application of the new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

The application of IFRS 18 is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

3. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

3.1 Going concern basis

The Group reported a net loss of RMB1,091,076,000 for the year ended 31 December 2025 and as at that date, the Group had net current liabilities of RMB2,027,310,000. As at the same date, the Group had total interest-bearing bank loans amounting to RMB5,311,060,000, out of which RMB4,505,890,000 are due within twelve months from the end of the Reporting Period. In addition, there is a winding-up petition against the Company, details of which are disclosed in note 14(b), which is pending resolution.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2025 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to mitigate the liquidity pressure, to improve its financial position, and to sustain the Group as a going concern, certain plans and measures have been and will be taken by the Group which include, but are not limited to, the following:

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

The Directors have carried out a detailed review of the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the Reporting Period. On the basis of the successful implementation of the plans and measures described above in the foreseeable future, borrowings of the Group will be able to be renewed and after assessing the Group's current and forecasted cash positions, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are manufacturing and sale of cement, clinker and concrete.

Revenue represents the sales value of cement, clinker and concrete supplied to customers, cement related products and the delivery services.

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of cement	9,510,657	11,773,070
Sales of clinker	1,038,898	1,501,593
Sales of concrete	425,299	678,275
Sales of other products and services	585,847	556,928
	<u>11,560,701</u>	<u>14,509,866</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b)(i).

(i) Performance obligations for contracts with customers

Sales of cement, clinker, concrete and other products (revenue recognised at one point in time)

The Group sells cement, clinker, concrete and other products directly to customers.

Revenue is recognised when control of the goods has transferred, i.e. when the goods have been transferred out from the Group's warehouse (delivery). After leaving the warehouse, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 60 days for cement and clinker customers and 90 to 180 days for concrete customers after delivery.

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

Revenue from rendering of delivery services (revenue recognised over time)

The Group also provides delivery services to customers.

Revenue from the rendering of delivery service is recognised over time by reference to the progress of which the customer simultaneously receives and consumes the benefits when the delivery service is provided by the Group.

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

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

(b) Segment reporting

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

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

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

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

(i) *Segment results, assets and liabilities*

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

- Segment assets include all tangible and intangible non-current assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.
- Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- Segment results represent profits earned by each segment without allocation of share of results of associates, (loss)/gain on fair value changes of financial assets at FVTPL, gain on disposal of a subsidiary, loss on disposal of associates, unallocated other income, head office administrative expenses and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.
- In addition to receiving segment information concerning adjusted profit before taxation, the CODM is provided with segment information concerning revenue, interest income from bank balances, interest expenses on borrowings managed directly by the segments, depreciation and amortisation, impairment losses on and additions to non-current segment assets used by the segments in their operations, net impairment losses on trade and bills receivables and other receivables, and government grants. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below:

	2025					2024				
	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Total <i>RMB'000</i>	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue										
Point in time	6,683,273	3,066,731	1,423,152	375,845	11,549,001	8,352,426	3,848,616	1,871,131	425,929	14,498,102
Over time	7,690	837	2,901	272	11,700	6,455	1,863	3,253	193	11,764
Revenue from external customers	6,690,963	3,067,568	1,426,053	376,117	11,560,701	8,358,881	3,850,479	1,874,384	426,122	14,509,866
Inter-segment revenue (<i>note</i>)	427,867	3,873	8,450	-	440,190	657,002	23,432	6,768	-	687,202
Reportable segment revenue	7,118,830	3,071,441	1,434,503	376,117	12,000,891	9,015,883	3,873,911	1,881,152	426,122	15,197,068
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	(228,458)	(111,648)	(184,960)	81,580	(443,486)	(67,370)	337,673	(121,842)	90,933	239,394

	2025					
	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Included in arriving at segment results are:						
Interest income	13,465	401	1,068	6	11,167	26,107
Finance costs	(84,498)	(8,264)	(7,277)	(127)	(81,449)	(181,615)
Depreciation and amortisation for the year	(672,047)	(349,428)	(324,084)	(33,358)	(10,171)	(1,389,088)
(Impairment losses)/reversal of impairment on property, plant and equipment	(147,602)	(49,673)	(10,542)	-	-	(207,817)
Impairment losses on intangible assets	(990)	-	-	-	-	(990)
Impairment losses on goodwill	-	-	-	-	-	-
(Impairment losses)/reversal of impairment on trade receivables, net	(14,697)	169	538	86	(6)	(13,910)
(Impairment losses)/reversal of impairment on other receivables, net	(10,782)	(1,926)	2,964	(500)	(6,250)	(16,494)
Gain/(loss) from disposal of intangible assets	10,122	(34,400)	-	-	-	(24,278)
Government grant	45,167	23,160	22,293	1,431	323	92,374
Additions to non-current assets						
Property, plant and equipment	119,346	170,533	66,999	2,795	519	360,192
Right-of-use assets	111,073	166,912	4,916	2,401	1,113	286,415
Investment properties	500	-	-	-	-	500
Intangible assets	32,643	45,878	-	42	-	78,563

	2024					
	Shandong Province <i>RMB'000</i>	Northeastern China <i>RMB'000</i>	Shanxi Province <i>RMB'000</i>	Xinjiang Region <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Included in arriving at segment results are:						
Interest income	12,074	109	1,050	12	18,180	31,425
Finance costs	(109,576)	(4,469)	(5,053)	(54)	(96,782)	(215,934)
Depreciation and amortisation for the year	(678,453)	(352,118)	(334,347)	(48,485)	(11,206)	(1,424,609)
(Impairment losses)/reversal of impairment on property, plant and equipment	(62,823)	57,398	(111)	–	–	(5,536)
Impairment losses on intangible assets	–	–	–	–	–	–
Impairment losses on goodwill	(40,908)	–	–	–	–	(40,908)
(Impairment losses)/reversal of impairment on trade receivables, net	11,663	125	(844)	(68)	–	10,876
(Impairment losses)/reversal of impairment on other receivables, net	(13,637)	1,105	(3,471)	–	(1,080)	(17,083)
Gain/(loss) from disposal of intangible assets	99,188	–	–	–	–	99,188
Government grant	43,905	34,117	31,450	2,002	370	111,844
Additions to non-current assets						
Property, plant and equipment	260,786	388,101	134,245	2,071	961	786,164
Right-of-use assets	52,678	12,778	4,091	1,256	–	70,803
Investment properties	–	–	–	–	–	–
Intangible assets	287,505	19,426	248,700	28,413	78	584,122

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

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Reportable segment revenue	12,000,891	15,197,068
Elimination of inter-segment revenue	<u>(440,190)</u>	<u>(687,202)</u>
Consolidated revenue	<u>11,560,701</u>	<u>14,509,866</u>
Profit		
Reportable segment (loss)/profit	(443,486)	239,394
Elimination of inter-segment profit	<u>(71,437)</u>	<u>(57,972)</u>
Reportable segment (loss)/profit derived from Group's external customers	(514,923)	181,422
Share of results of associates	(16,182)	(30,511)
(Loss)/gain on fair value changes of financial assets at FVTPL	(856)	3,530
Gain on disposal of a subsidiary	–	15,882
Loss on disposal of associates	–	(2,781)
Unallocated other income	11,812	18,555
Unallocated finance costs	(81,449)	(96,782)
Unallocated head office administrative expenses ^(note)	<u>(113,741)</u>	<u>(153,356)</u>
Consolidated loss before taxation	<u>(715,339)</u>	<u>(64,041)</u>

Note: Unallocated head office administrative expenses included depreciation and amortisation for the year, net impairment losses on trade receivables, net impairment losses on other receivables and other administrative expenses attributable to the headquarters of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Assets		
Reportable segment assets	26,562,371	27,430,032
Elimination of inter-segment profit	(23,317)	(26,130)
Elimination of inter-segment receivables	(677,756)	(374,351)
	25,861,298	27,029,551
Deferred tax assets	235,586	355,449
Interests in associates	395,194	441,976
Unallocated head office assets	2,249,740	2,395,343
Consolidated total assets	<u>28,741,818</u>	<u>30,222,319</u>
Liabilities		
Reportable segment liabilities	8,613,813	8,331,029
Elimination of inter-segment payables	(677,756)	(374,351)
	7,936,057	7,956,678
Deferred tax liabilities	24,217	89,333
Unallocated bank loans	2,838,750	3,254,750
Unallocated head office liabilities	958,828	729,352
Consolidated total liabilities	<u>11,757,852</u>	<u>12,030,113</u>

(iii) Geographical information

The Group's revenue and non-current assets are arisen in and located in the PRC during both years.

(iv) Information about major customers

No single external customer contributed revenue from transactions amounting to 10% or more of the revenue of the Group during both years.

5. OTHER INCOME

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Interest income		26,107	31,425
Government grants	(i)	92,374	111,844
Amortisation of deferred income		19,647	18,845
Reversal of payables	(ii)	21,467	–
Others		29,767	28,029
		189,362	190,143

Notes:

- (i) Government grants mainly represented tax refunds, operating subsidies and energy reduction incentives from local governments received by the Group during the Reporting Period. No special conditions need to be fulfilled for receiving such government grants.
- (ii) During the year, the Group recognised a gain of RMB21,467,000 (2024: RMB nil) arising from the reversal of trade and other payables following the deregistration of certain creditors in the PRC. The payables were reversed as the Directors consider that the Group no longer has a present obligation in respect of the payment of these balances.

6. OTHER NET EXPENSES, GAINS AND LOSSES

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Net foreign exchange gain/(loss)		25,859	(16,810)
Net (loss)/gain from disposal of property, plant and equipment		(4,259)	3,527
Net (loss)/gain from disposal of intangible assets	(i)	(24,278)	99,188
Impairment losses on property, plant and equipment, net of reversal		(207,817)	(5,536)
Impairment losses on intangible assets		(990)	–
Impairment losses on goodwill		–	(40,908)
(Loss)/gain on fair value changes of financial assets at FVTPL		(856)	3,530
Loss on early termination of lease		(1,094)	–
Gain on disposal of a subsidiary		–	15,882
Loss on disposal of associates		–	(2,781)
Donations		(3,321)	(5,427)
Others		(38,678)	(11,055)
		(255,434)	39,610

Note:

- (i) During the year ended 31 December 2024, the Group disposed of certain intangible assets and received cash consideration amounting to RMB105,139,000, tax inclusive, which resulted in a gain on disposal of RMB99,188,000 (2025: nil).

During the year ended 31 December 2025, the Group disposed of certain mining rights with aggregate carrying amount of RMB58,271,000 to the local government authorities, net off with aggregate payables for reclamation cost for environmental restoration and constructions of RMB33,993,000 provided on the mining rights in previous years, resulting in a net loss on disposal of RMB24,278,000 (2024: nil).

7. LOSS BEFORE TAXATION

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

(a) Finance costs

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Interest on bank loans		141,054	160,393
Interest on lease liabilities		12,237	2,921
Less: capitalised interest expenses	(i)	(20,294)	(18,874)
Net interest expenses		132,997	144,440
Bank charges		20,885	37,846
Unwinding of discount	(ii)	27,733	33,648
		181,615	215,934

Notes:

- (i) The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 3.48% for the year ended 31 December 2025 (2024: 4.12%).
- (ii) This item represents the unwinding of discount for the following liabilities using the effective interest rate:

	2025 RMB'000	2024 <i>RMB'000</i>
Defined benefit obligations	2,260	2,730
Long-term payables	25,473	30,918
	27,733	33,648

(b) Personnel expenses (including directors' remunerations)

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	1,376,971	1,405,617
Bonus and awards	75,392	87,646
Staff's pension costs	243,741	279,768
Expense recognised in respect of defined benefit obligations	76,640	21,860
	<u>1,772,744</u>	<u>1,794,891</u>

(c) Other items

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	1,058,343	1,127,893
Depreciation of right-of-use assets	119,124	87,738
Depreciation of investment properties	630	–
Amortisation of intangible assets	210,991	208,978
Total depreciation and amortisation	<u>1,389,088</u>	<u>1,424,609</u>
Auditors' remuneration		
– audit and assurance services	5,500	5,800
– other services	800	800
	<u>6,300</u>	<u>6,600</u>
Cost of inventories sold	9,916,210	12,397,879
Impairment losses on inventories (included in cost of sales)	20,448	18,145
Repair and maintenance costs included in expenses incurred during off-peak suspension	<u>267,438</u>	<u>242,002</u>

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The charge comprises:		
PRC Enterprise Income Tax (“EIT”):		
Current tax	92,489	150,852
Under/(over) provision in respect of prior years	26,211	(1,491)
Withholding tax on distributed profit of PRC subsidiaries	201,810	–
	320,510	149,361
Deferred tax:		
Current year	57,492	(24,361)
Attributable to a change in tax rate	(2,265)	–
	375,737	125,000

Notes:

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

Certain subsidiaries which are recognised as High and New-tech Enterprises have been granted tax concessions by the local tax bureau and are entitled to PRC EIT at concessionary rate of 15% for both years. One of these subsidiaries has ceased to be recognised as High and New-tech Enterprises in 2025 and is subject to PRC EIT at the statutory rate of 25% for the year ended 31 December 2025.

Concession rate of 15% is granted by the local tax authorities in western region expiring in 2030. According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]) issued on 23 April 2020, companies located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year. A subsidiary which is located in western region and is engaged in the encouraged business, are entitled to enjoy the preferential EIT rate of 15% in the respective years.

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

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

- (iii) Tax credit represents income tax credit received by certain Group companies during the year for purchase of certain energy saving equipment pursuant to the applicable PRC tax laws and regulations. These Group companies are entitled to an income tax credit of 10% of the purchase price of the qualifying energy saving equipment purchased.

9. DIVIDENDS

The Board does not recommend the payment of any final dividends for the years ended 31 December 2025 and 2024.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity shareholders of the Company is based on the following figures:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Loss figures are as follows:</u>		
Loss for the year attributable to equity shareholders of the Company and loss for the purposes of basic and diluted loss per share	<u>(983,007)</u>	<u>(140,608)</u>
<u>Number of shares:</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,353,966,228</u>	<u>4,353,966,228</u>

The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise prices of these share options were higher than the average market price of the shares of the Company for the years ended 31 December 2025 and 2024. Such share options lapsed on 27 January 2025. Accordingly, the Company has no outstanding share options as at 31 December 2025.

11. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills receivables	279,054	401,765
Trade receivables	1,059,257	1,392,913
Less: allowance for credit losses	(250,769)	(236,859)
	1,087,542	1,557,819

(a) Ageing analysis

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	251,840	529,985
3 to 6 months	91,862	219,833
6 to 12 months	136,722	165,381
Over 12 months	607,118	642,620
	1,087,542	1,557,819

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

12. TRADE PAYABLES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	1,628,355	1,342,437
3 to 6 months	379,156	597,414
6 to 12 months	194,438	292,355
Over 12 months	528,012	734,228
	<u>2,729,961</u>	<u>2,966,434</u>

Trade payables principally comprise amounts outstanding for trade purchase. The average credit period for trade purchases is 30 to 180 days.

13. BANK LOANS

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans		4,798,560	4,559,460
Bank loans under supplier finance arrangements	(i)	<u>512,500</u>	<u>806,000</u>
		<u>5,311,060</u>	<u>5,365,460</u>
Bank loans – Secured	(ii)	1,074,210	1,035,710
Bank loans – Unsecured		<u>4,236,850</u>	<u>4,329,750</u>
		<u>5,311,060</u>	<u>5,365,460</u>

Notes:

- (i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 180-360 days after loans granted by the banks with interest rates ranging from 2.36%-3.79% (2024: 2.01%–4.00%) per annum. These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

- (ii) These bank loans were secured by certain land lease prepayments with aggregate carrying amount of RMB128,397,000 (2024: RMB131,195,000), plants and buildings with an aggregate carrying amount of RMB264,884,000 (2024: RMB389,399,000) and bank deposits of RMB820,500,000 (2024: RMB553,000,000).

As at 31 December 2025 and 2024, there is no default in bank loans repayment.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	4,505,890	3,797,750
After one year but within two years	649,170	1,032,440
After two years but within five years	156,000	535,270
	5,311,060	5,365,460

All bank loans are interest-bearing.

14. CONTINGENT LIABILITIES AND OTHER EVENTS

(a) Litigation contingencies

As at 31 December 2025, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contracts of cement and other products with an aggregate amount of RMB23,791,000 (2024: RMB40,412,000), which claims have not yet been concluded. No provision for these litigation claims was made in these consolidated financial statements during the year ended 31 December 2025 as in the opinion of the Directors, the possibility of an outflow of economic resources cannot be reliably determined.

(b) Litigation in the Cayman Islands

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

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

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

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. The Privy Council handed down its judgment on 14 November 2024 (the “**Privy Council Judgment**”) allowing Tianrui’s appeal. The effect of the Privy Council Judgment is merely upholding that Tianrui has the standing to proceed with its claim by the Cayman Writ as a shareholder personally. However, the Privy Council did not make any findings as to the factual allegations and merits of Tianrui’s claim, which are matters for the Grand Court to decide at trial.

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

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

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

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

On 11 December 2025, the Grand Court delivered a decision among others dismissing Tianrui's application for the Cayman Writ and the Cayman Petition to be heard together.

The Case Management Conference and trial of the Cayman Petition have been respectively fixed for 8 July 2026 and 4 weeks from 12 October 2026.

As to the Cayman Writ, in light of the Privy Council Judgment, the parties are still in the process of submitting the pleadings. It will take some time before the matter could proceed to trial.

(c) **Litigation in Hong Kong**

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

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

In its Defence and Counterclaim filed on 3 January 2024, CSC Group denies on substantial grounds that Tianrui Group is entitled to claim for repayment of the Alleged Loans, and counterclaims against Tianrui Group for (and is therefore in any event entitled to set off the Alleged Loans against) damages and/or equitable compensation as a result of the unlawful means conspiracy committed by Tianrui Group and other parties with the intention of injuring CSC Group and its subsidiaries during the period from 2015 to 2018. CSC Group’s counterclaim in this action is substantially based on its claim against Tianrui Group and other parties in HCA 548 of 2019. Accordingly, CSC Group has made an application to the Court on 25 April 2024 for consolidation of this action with HCA 548 of 2019, and/or for the two actions to be heard together and/or one after the other before the same judge (the “**1013 Hearing Together Summons**”). All parties in HCA 548 of 2019 are neutral to the 1013 Hearing Together Summons, except Tianrui Group, Tianrui, Li Liufa and Ho Man Kay, Angela.

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group’s counterclaim in this action allegedly, inter alia, on the ground that CSC Group’s counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the “**1013 Strike-Out Summons**”).

On 2 September 2025, DHCJ Andrew Li handed down decision dismissing the 1013 Strike-Out Summons, and allowing the 1013 Hearing Together Summons.

Other than the disclosure set out above, as at 31 December 2025, so far as the Directors were aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2025, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

DISCUSSION ON THE RESULTS AND FINANCIAL POSITIONS OF THE COMPANY

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment and Industry Overview

Demand Side: Growth rate of fixed asset investment turned negative for the first time, cement demand remained weak

In 2025, the national cement market witnessed a severe situation characterized by declining output, weak prices and squeezed profitability. China's real estate investment continued to adjust in 2025, and the growth rate of fixed asset investment shifted from positive to negative, leading to a continuous decline in cement demand.

According to the statistics of the National Bureau of Statistics, the national cement output in 2025 reached 1.693 billion tonnes, a year-on-year decrease of 6.9%. This output hit a new low since 2010, with the growth rate narrowing by 2.6 percentage points compared with the same period last year. From a quarterly perspective, the year-on-year decline expanded quarter by quarter, with the declines in the first, second, third and fourth quarters reaching 1.7%, 5.7%, 6.8% and 13% respectively.

By region, cement output in the six major regions all dropped significantly year-on-year. Among them, Northeastern China recorded the highest decline, nearly double-digit year-on-year; Southwest China saw the lowest decline, while the declines in other regions all exceeded the national average.

Supply Side: Insignificant supply contraction, inventory running at a high level

The intensity of supply contraction across the country showed periodic loosening. The implementation of peak-shifting production was unsatisfactory both in the off-season and peak season, resulting in high inventory levels for most of the year.

In the first quarter, the industry achieved initial market stability through an active and strengthened peak-shifting production strategy. Cement enterprises in many regions increased kiln shutdown days in a planned manner according to market conditions. They adjusted production dynamically to reduce supply volume, keeping inventory generally within a reasonable range. This effectively avoided vicious competition and promoted market stability. However, the sound situation in the first quarter was not sustained. Since the second quarter, the problem of "unsatisfactory implementation of peak-shifting production" has been prevalent in many parts of the country, which was in sharp contrast to the strong industry consensus formed in the first quarter. Some enterprises failed to strictly abide by the kiln shutdown plan, damaging the industry ecosystem. Meanwhile, the demand side failed to provide effective support, leading to a prominent oversupply situation in the market and keeping national inventory at a high level throughout the year.

Cement Prices: High in the early stage and low later, fluctuating downward at the bottom

The average price of the national cement market showed an overall trend of “high in the early stage and low later, fluctuating and adjusting at the bottom”, with the market performance weakening quarter by quarter throughout the year. According to the monitoring of CCA Digital Cement, the average transaction price of the national cement market in 2025 (landed price of bulk PO42.5 cement, the same below) was RMB367 per tonne, a decrease of RMB17 per tonne or 4.4% compared to the previous year.

Quarterly data showed that the first quarter hit the annual price peak of RMB397 per tonne. The price continued to decline in the second and third quarters, reaching RMB375 per tonne and RMB344 per tonne respectively, with the third quarter being the annual low, a decrease of RMB53 per tonne compared with the first quarter. The price rebounded slightly in the fourth quarter, with an average transaction price of RMB351 per tonne, a month-on-month increase of only RMB7 per tonne, but still a significant year-on-year decrease of RMB67 per tonne.

The core factors affecting the price trend include: first, affected by the macroeconomic environment, the demand in the downstream market continued to shrink sharply, providing insufficient support for price increases; second, the implementation of peak-shifting production by enterprises in some regions weakened, supply contraction fell short of expectations, and inventory remained high, putting downward pressure on prices; and third, fluctuations in the prices of major costs such as coal also had a certain impact on the cement price trend.

By region, among the six major regions in 2025, only the Northeastern China saw a slight year-on-year increase in cement prices, while other regions including North China, East China, Central South China and Southwest China experienced varying degrees of decline. Among them, Northwest China recorded the most significant year-on-year decline of RMB35 per tonne, and the year-on-year declines in North China and East China also reached about RMB20 per tonne.

North China: Cement prices in North China showed a bottom consolidation trend of “lackluster upward momentum, limited downward movement” with enterprises generally operating under pressure near the break-even point. The annual average transaction price of the cement market in North China in 2025 was RMB361 per tonne, representing a decrease of RMB21.3 per tonne or 5.6% year-on-year.

Northeastern China: Cement prices in Northeastern China were characterized by “operating at high levels, remaining firm during peak seasons, and under pressure during off-seasons”. The annual average transaction price in 2025 was RMB463 per tonne, still leading the country, RMB100 per tonne higher than other regions. Overall, although cement prices in Northeastern China fluctuated significantly, the price reduction cycle was mostly concentrated in the off-season and lasted for a short time, and prices could still maintain a relatively high level in the peak season. At the same time, due to limited transaction volume in the off-season and acceptable demand performance in the peak season, the profitability of the industry in the whole year was further improved compared with the previous year.

East China: Cement prices in East China showed a trend of “high-to-low trend with downward volatility” throughout the year. In particular, the Yangtze River Delta market, once a “price highland”, turned into a “price depression”, and several rebound attempts achieved little effect. The annual average transaction price of the cement market in East China in 2025 was RMB357 per tonne, representing a year-on-year decrease of 5%, RMB10 per tonne lower than the national average level. Its core contradiction lies in the difficulty of coordinating market strategies among regional enterprises and the difficulty in unifying price consensus, leading to a decline in industry sentiment and making it one of the relatively sluggish markets nationwide, with most enterprises operating on thin margins.

Central South China: Cement prices in Central South China showed a “narrow-range fluctuation” trend. In 2025, the average transaction price of the cement market in the Central South China was RMB355 per tonne, representing a year-on-year decrease of 4%. Specifically, the South China market performed relatively strongly from January to April, with prices maintaining a high level overall and corporate profits increasing significantly year-on-year. However, prices dropped sharply since May and continued to decline from June to August, once falling below the cost line of most enterprises. In the fourth quarter, driven by industry self-discipline, the market gradually recovered, with prices rising continuously since September, accumulating an increase of RMB70 per tonne by December, which provided an important support for the improvement of industry profits in the whole year.

Southwest China: Cement prices in Southwest China showed a “V-shaped” rebound trend. In 2025, the average transaction price of the cement market in Southwest China was RMB349 per tonne, representing a slight year-on-year decrease of 1.7%. The market maintained a good momentum in the first half of the year, with considerable industry profits, and only a slight correction occurred in May and June. However, since July and August, prices continued to decline, with prices in most areas falling near the cost line and some local areas even falling into losses. The price hit the annual low in August, a cumulative decrease of RMB90 per tonne compared with the beginning of the year. The turning point came in September. Sichuan and Chongqing took the lead, and regional enterprises actively carried out industry self-discipline, prompting continuous price increases, with a cumulative increase of RMB90 per tonne by December, and industry profits were also significantly restored.

Northwest China: Cement prices in Northwest China showed a “stable with a downward trend” posture. In 2025, the average transaction price of the cement market in this region was RMB359 per tonne, representing a year-on-year decrease of nearly 9%, the largest decline in the country. Overall, most areas of the cement market in Northwest China maintained stable operation in 2025 with obvious fluctuations in some parts. Except for Xinjiang, enterprises in other areas mostly operated with thin margins or at cost-covering levels.

Industry Profitability: Profits recovered slightly but remained at a historically low level

The industry achieved a favorable start in the first quarter. Driven by multiple factors including policy guidance and strengthened industry self-discipline, cement enterprises made phased progress in moving away from cut-throat internal competition. The rate of decline on the demand side moderated, prices achieved a year-on-year recovery, and coupled with declining coal costs driving a profit rebound, the industry returned to profitability compared to the same period last year. However, the industry situation deteriorated sharply after the second quarter, marked by declines in both sales volume and price. Particularly, the profit recovery effect in the fourth quarter was not significant, leading to an erosion of the profit advantage accumulated in the first half of the year. The total annual profit for the cement industry is estimated at RMB29 billion, indicating that profitability remains at a relatively low level.

Company’s business review

In 2025, the Group was committed to refining our fundamental internal management to enhance the quality of existing manufacturing operations and the management of financial resources and liquidity.

As at 31 December 2025, the Group had a total production capacity of 96.55 million tonnes of cement, 51.43 million tonnes of clinker and 18.11 million cubic meters of concrete.

During the Reporting Period, the Group’s total sales of cement and clinker were 42,968,000 tonnes, representing a YOY decrease of 17.0%; sales volume of concrete was 1,695,000 cubic meters, representing a YOY decrease of 25.4%; revenue was RMB11,560,701,000, representing a YOY decrease of 20.3%; and the loss for the year was RMB1,091,076,000, representing a wider loss compared with the loss of RMB189,041,000 in 2024.

REVENUE

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

Region	2025		2024		Change of sales revenue
	Sales revenue <i>RMB'000</i>	Sales proportion	Sales revenue <i>RMB'000</i>	Sales proportion	
Shandong Region	6,690,963	57.9%	8,358,881	57.6%	-20.0%
Northeastern China Region	3,067,568	26.5%	3,850,479	26.5%	-20.3%
Shanxi Region	1,426,053	12.3%	1,874,384	12.9%	-23.9%
Xinjiang Region	376,117	3.3%	426,122	3.0%	-11.7%
Total	<u>11,560,701</u>	<u>100%</u>	<u>14,509,866</u>	<u>100%</u>	<u>-20.3%</u>

During the Reporting Period, the Group's revenue amounted to RMB11,560,701,000, representing a decrease of RMB2,949,165,000 or 20.3% as compared with 2024. The decrease in revenue was mainly attributable to a 14.9% YOY decrease in the sales volume of cement and a 4.7% YOY decrease in the price for the year.

In respect of revenue contribution for 2025, sales of cement and clinker accounted for 91.3% (2024: 91.4%) and the sales of ready-mix concrete accounted for 3.7% (2024: 4.7%).

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

Product	2025		2024		Sales revenue YOY change
	Sales revenue <i>RMB'000</i>	Sales proportion	Sales revenue <i>RMB'000</i>	Sales proportion	
Cement	9,510,657	82.3%	11,773,070	81.1%	-19.2%
Clinker	1,038,898	9.0%	1,501,593	10.3%	-30.8%
Concrete	425,299	3.7%	678,275	4.7%	-37.3%
Others	585,847	5.0%	556,928	3.9%	5.2%
Total	<u>11,560,701</u>	<u>100%</u>	<u>14,509,866</u>	<u>100%</u>	<u>-20.3%</u>

COST OF SALES AND GROSS PROFIT

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity), depreciation and amortization and other overhead costs. During the Reporting Period, the Group's cost of sales was RMB9,936,658,000 (2024: RMB12,416,024,000). The decrease in cost of sales was mainly due to the decrease in sales volume of cement and clinker during the year, as well as the year-on-year decrease in unit production cost caused by the decline in coal prices and electricity costs.

The gross profit for 2025 was RMB1,624,043,000 (2024: RMB2,093,842,000), representing a gross profit margin of 14.0% on revenue (2024: 14.4%). The decrease in gross profit and the slight year-on-year decline in gross profit margin were mainly attributable to the year-on-year decrease in sales volume of cement and clinker during the year and the slightly larger decline in cement selling prices than the decline in unit costs.

FINANCIAL REVIEW

Other income

Other income decreased from RMB190,143,000 to RMB189,362,000, mainly due to the decrease in government grants during the year as compared with the previous year.

Other net expenses, gains and losses

With respect to other net expenses, gains and losses, the Group recorded a loss of RMB255,434,000 for the year ended 31 December 2025, as compared to a gain of RMB39,610,000 for the year ended 31 December 2024, mainly due to the losses arising from the disposal of certain fixed assets and intangible assets as well as the impairment losses recognized on fixed assets such as plant and equipment related to suspended production enterprises or production lines during the year; whereas in the prior year, there were compensations received for mineral resources overlaid by highway construction projects and the increased road transportation costs arising from the relocation and reconstruction of conveyor belts, as well as gains generated from the disposal of a subsidiary.

Selling and marketing expense, administrative expense and finance expense

A YOY decrease of 13.3% from RMB279,593,000 to RMB242,405,000 was recorded in selling and marketing expenses, mainly due to a YOY decrease in the sales volume of cement, resulting in a YOY decrease in loading and unloading fees and sales service charges for the year.

A YOY decrease of 8.2% from RMB1,168,523,000 to RMB1,073,075,000 was recorded in administrative expense, mainly due to a YOY decrease recorded in the number of employees, resulting in a YOY decrease in the cost of salaries, and a tightened various expenses during the year.

A YOY decrease of 15.9% from RMB215,934,000 to RMB181,615,000 was recorded in finance expense, mainly due to the decline in bank loan interest rates and a YOY decrease in bank handling fees during the year as compared with the previous year.

Taxation

A YOY increase of 200.6% from RMB125,000,000 to RMB375,737,000 was recorded in income tax expenses, mainly due to the increase in withholding tax on distributed profit of PRC subsidiaries for the year.

Loss for the year

The Group recorded a net loss for the year of RMB1,091,076,000 while the net loss for 2024 was RMB189,041,000. The loss for the year was mainly attributable to weak market demand for cement which led to a simultaneous decline in both price and sales volume and a drop in operating gross profit, as well as an increase in impairment losses recognized on fixed assets such as plant and equipment relating to suspended production enterprises or production lines, resulting in an increase of RMB902,035,000 in the full-year loss compared with the prior year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2025, the total interest-bearing bank loans was RMB5,311,060,000, out of which RMB4,505,890,000 will be due within 12 months from the end of the Reporting Period. The Directors have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and believe that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest-bearing borrowings.

As at 31 December 2025, total assets decreased by 4.9% to RMB28,741,818,000 (2024: RMB30,222,319,000), while total equity decreased by 6.6% to RMB16,983,966,000 (2024: RMB18,192,206,000).

As at 31 December 2025, bank balances and cash of the Group was RMB2,356,613,000 (2024: RMB2,179,627,000).

As at 31 December 2025, net gearing ratio of the Group was 14.8% (2024: 14.9%), each of which was calculated based on net debts and total equities as of 31 December 2025 and 31 December 2024. The decrease of gearing ratio was due to the decrease in bank loans and the decrease in equity by RMB1,208,240,000 for the year.

Cash flow

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

(Unit: RMB'000)

	2025	2024
Net cash generated from operating activities	991,849	538,173
Net cash used in investing activities	(424,091)	(648,958)
Net cash (used in)/generated from financing activities	(380,443)	27,992
Net change in cash and cash equivalents	187,315	(82,793)
Balance of cash and cash equivalents as at 1 January	2,179,627	2,254,037
Effect of foreign exchange rates change	(10,329)	8,383
Balance of cash and cash equivalents as at 31 December	<u>2,356,613</u>	<u>2,179,627</u>

Net cash generated from operating activities

During the Reporting Period, the Group recorded a net cash generated from operating activities of RMB991,849,000, representing a YOY increase of RMB453,676,000, mainly due to the decrease in various costs and expenses for the year.

Net cash used in investing activities

During the Reporting Period, the Group recorded a net cash used in investing activities of RMB424,091,000, representing a YOY decrease of RMB224,867,000, mainly due to the decrease in capital expenditure for construction of new cement and clinker production lines, purchase of equipment for technical transformation and equity investment during the year, as well as the year-on-year increase in cash inflows generated from disposal of assets and receipt of dividends from associates during the year.

Net cash generated from financing activities

During the Reporting Period, the Group recorded a net cash used in financing activities of RMB380,443,000, representing a YOY increase of RMB408,435,000, mainly due to the repayment of certain bank loans during the year.

Capital expenditures

During the Reporting Period, the capital expenditures were approximately RMB493,863,000, which were mainly invested in intelligent production, mine resources reserves, and new construction and technical improvement of cement and clinker production lines.

Outstanding capital commitments under production facility construction contracts and equipment purchase agreements not provided for in the financial statements as at 31 December 2025 were as follows:

(Unit: RMB'000)

	31 December 2025	31 December 2024
Authorised and contracted for		
– plant and equipment and intangible assets	820,387	1,085,833
Authorised but not contracted for		
– plant and equipment and intangible assets	800,389	1,093,908
Total	<u>1,620,776</u>	<u>2,179,741</u>

Pledge of assets

Details in relation to pledge of assets of the Group as at 31 December 2025 are set out in note 13.

Contingent liabilities

Details in relation to contingent liabilities of the Group as at 31 December 2025 are set out in note 14.

Human resources

As at 31 December 2025, the Group had a total of 12,959 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

Material acquisition and disposal of subsidiaries and affiliated companies

The Group had no material acquisition or disposal during the Reporting Period.

Management of foreign exchange exposure

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

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

OUTLOOK FOR 2026

I. Operating environment outlook

In 2025, the national cement market exhibited a grim situation of “declining volume, weakening prices, and pressured profitability”, with an annual cement output of 1.693 billion tons (hitting a new low since 2010), representing a year-on-year decrease of 6.9%. The growth rate of fixed asset investment turned from positive to negative, and the real estate market underwent deep adjustment. In certain regions, “involutionary” vicious competition emerged with cement prices falling below cost lines; industry inventories remained at high levels, and industry profitability continued to face pressure. The year 2026 marks the opening year of the “15th Five-Year Plan”. The Central Economic Work Conference has deployed a series of policies to stabilize investment, and explicitly required promoting investment to stop its decline and stabilize. Under policy guidance and market regulation, the industry will accelerate the reconstruction of supply and demand, gradually transitioning toward high-quality development.

From the demand perspective, macroeconomic policies in 2026 will center on “stabilizing investment and expanding domestic demand”. The Central Economic Work Conference explicitly stated to “promote investment to stop its decline and stabilize”, moderately increasing the scale of investment within the central budget and optimizing the management of local government special bonds. The implementation of “Two Major” projects will accelerate. It is expected that the growth rate of fixed asset investment for the full year will turn from negative to positive, and the supporting role of the infrastructure sector for cement demand will gradually strengthen. Although the real estate market remains in an adjustment period, policies of “implementing city-specific measures to control incremental growth, reduce inventory, and optimize supply” continue to exert force. The decline in new construction floor space is expected to narrow further, weakening the drag on cement demand. Overall, although cement demand will still be in a downward channel in 2026, the decline is expected to narrow to approximately 6% compared to 2025.

From the supply perspective, the industry’s supply-side structural reform in 2026 will focus on two core priorities: governance of over-quota production and capacity replacement. On one hand, the Work Plan for Steady Growth of the Building Materials Industry (2025–2026)* (《建材行業穩增長工作方案(2025–2026年)》), requires enterprises to strictly conduct production in accordance with their filed production capacity. Enterprises that fail to complete the replacement of capacity exceeding the filed amount by the end of 2025 will be subject to compliance supervision. The industry has already seen the withdrawal of over 160 million tonnes of actual production capacity, leading to a further contraction in the scale of actual operating capacity. On the other hand, normalized off-peak production will be rigidly enforced. Local governments and industry associations will strengthen supervision over the execution of off-peak production plans to prevent the occurrence of “phased loosening”, which can effectively alleviate the pressure of supply-demand imbalance. Meanwhile, the national carbon market has entered the final year of its “start-up and implementation phase”, and will shift to the dual control of total carbon emissions and emission intensity starting from 2027. Enterprises are thus accelerating the pace of low-carbon transformation: the utilization rate of alternative raw materials and fuels, as well as the share of green energy application, will continue to rise, while low-efficiency, high-consumption production capacity will be phased out at an accelerated pace. In addition, the industry is witnessing a pronounced trend of mergers and acquisitions. Several provinces have rolled out policies to encourage leading enterprises to pursue cross-regional integration, which is expected to further lift market concentration and gradually optimize the industry’s competitive landscape.

(Source: 2025 China Cement Industry Economic Performance Report, Digital Cement Website)

II. Business outlook of the Company

In 2026, the Company will set “turning losses into profits” as its core objective and “deepening reform and breaking through bottlenecks” as its primary theme, coordinately advancing key tasks such as reform and transformation, cost control, and risk prevention to fully promote high-quality development.

1. **Focus on quality improvement of core business.** In response to the national call for “anti-involution” (countering excessive competition), the Company will actively participate in the development of the industry ecosystem, refine the management of its primary responsibilities and core business, and continuously optimize marketing models and market layout. We will proactively expand diversified market channels, intensify the development of high-value-added products, strengthen brand building, and continuously enhance market influence and core competitiveness to stabilize our market share.
2. **Deepen cost control.** We will continuously optimize the full-chain management processes across procurement, production, warehousing, and logistics, and constantly improve the cost control system. By strengthening procurement synergy, lean production operations, and refined expense management, and by leveraging internal management improvements and industry synergies, we will reasonably control various operating costs, focus on cost reduction and efficiency enhancement, continuously solidify the foundation for profitability, and improve overall operating performance.
3. **Strengthen internal governance.** We will continue to deepen internal reforms, optimize organizational structures and appraisal incentive mechanisms, and improve internal management systems to elevate the level of scientific, standardized, and refined management. Greater emphasis will be placed on talent pool development, utilizing multiple measures to improve the “recruitment, deployment, cultivation, and retention” of talent, constantly strengthening team cohesion, and fostering an upright, pragmatic, and efficient development environment to stimulate the company’s endogenous drive and organizational vitality.
4. **Advance transformation and innovation.** We will actively implement the philosophy of green and low-carbon development, promote the application of environmental protection and low-carbon technologies, and accelerate the pace of green transformation. The Company will continuously optimize industrial layout, revitalize existing assets, and improve resource utilization efficiency; we will steadily advance digital-intelligent upgrades to enhance refined management and cultivate new drivers for corporate growth.

5. **Strengthen risk prevention and control.** We will improve the risk prevention and control system, strengthen fund management and compliance management, and intensify risk screening and control in key areas to guard against various operational risks. By optimizing the internal governance structure and enhancing the scientific nature of decision-making and the standardization of operations, we will ensure the healthy and stable development of the enterprise.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining good corporate governance standards.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

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

Chairman and Chief Executive Officer

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY THE AUDIT COMMITTEE

This announcement has been reviewed by the Company's Audit Committee with discussions with the existing management.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited (“**Moore**”), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which highlights that the Group had loss for the year of approximately RMB1,091,076,000 and net current liabilities of approximately RMB2,027,310,000. As at 31 December 2025, the Group's total interest-bearing bank loans amounted to RMB5,311,060,000, out of which RMB4,505,890,000 were due within twelve months from the end of the Reporting Period. In addition, there is a winding-up petition against the Company, details of which are disclosed in note 14, which is pending resolution.

These conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate the existence of material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

ANNUAL GENERAL MEETING

The Company's annual general meeting is to be held on 20 May 2026. The notice of the annual general meeting will be published on the websites of the Company (<http://www.sdsunnsygroup.com>) and of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) as and when appropriate.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the shareholders with entitlement to attend and vote at the annual general meeting, the register of members will be closed from Friday, 15 May 2026 to Wednesday, 20 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting, all completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 14 May 2026.

APPRECIATION

On behalf of the Directors, I would like to express my sincere gratitude to our creditors, shareholders, customers and business partners for their great support, and all our employees for their dedication and hard work.

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

Hong Kong, 4 March 2026

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