華潤建材科技控股有限公司
China Resources Building Materials Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1313)

2023 ANNUAL RESULTS ANNOUNCEMENT

	2023	2022 *(Restated)*	**Decrease**
Turnover *(RMB million)*	**25,549.6**	29,332.4	(12.9)%
Profit attributable to owners of the Company *(RMB million)*	**643.8**	1,612.6	(60.1)%
Basic earnings per share	**RMB0.092**	RMB0.231	
Proposed final dividend per share	**HK$0.006**	HK$0.009	
	As at 31/12/2023	As at 31/12/2022 *(Restated)*	**Increase**
Total assets *(RMB million)*	**72,792.2**	71,855.9	1.3%
Equity attributable to owners of the Company *(RMB million)*	**44,108.5**	43,824.8	0.6%
Gearing ratio *(note 1)*	**36.9%**	33.5%	
Net assets per share – book *(note 2)*	**RMB6.32**	RMB6.28	0.6%

notes:

1. Gearing ratio is calculated by dividing the total bank borrowings and loans from related parties by equity attributable to owners of the Company.

2. Net assets per share – book is calculated by dividing equity attributable to owners of the Company by the number of issued shares at the end of the year.

The board (the "Board") of directors (the "Directors") of China Resources Building Materials Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000* *(Restated)*
Turnover	*4*	**25,549,648**	29,332,435
Cost of sales		**(21,787,694)**	(24,716,134)
Gross profit		**3,761,954**	4,616,301
Other income	*5*	**571,842**	574,507
Selling and distribution expenses		**(506,235)**	(455,278)
General and administrative expenses		**(2,322,053)**	(2,440,725)
Exchange loss		**(1,022)**	(50,757)
Finance costs	*6*	**(535,814)**	(301,236)
Share of results of associates		**(101,465)**	15,244
Share of results of joint ventures		**46,616**	(60,792)
Profit before taxation	*7*	**913,823**	1,897,264
Taxation	*8*	**(295,283)**	(345,505)
Profit for the year		**618,540**	1,551,759
Other comprehensive (expense) income:			
Item that will not be subsequently reclassified to profit or loss:			
Change in fair value of other investment		**(17,335)**	(10,323)
Items that will be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(28,270)**	(109,050)
Share of other comprehensive income (expense) of associates		**5,439**	(24,500)
Other comprehensive expense for the year		**(40,166)**	(143,873)
Total comprehensive income for the year		**578,374**	1,407,886

	Note	**2023**	2022
		RMB'000	*RMB'000*
			(Restated)
Profit (loss) for the year attributable to:			
Owners of the Company		**643,821**	1,612,583
Non-controlling interests		**(25,281)**	(60,824)
		618,540	1,551,759
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**603,940**	1,468,710
Non-controlling interests		**(25,566)**	(60,824)
		578,374	1,407,886
Basic earnings per share	*9*	**RMB0.092**	RMB0.231

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	**As at 31 December 2023** ***RMB'000***	As at 31 December 2022 *RMB'000* *(Restated)*	As at 1 January 2022 *RMB'000* *(Restated)*
Non-current assets				
Fixed assets		**31,172,910**	28,109,417	24,165,100
Right-of-use assets		**4,924,600**	4,581,332	3,536,395
Investment property		**-**	116,125	106,288
Other investment		**18,199**	35,160	42,033
Intangible assets		**18,372,991**	17,733,447	10,065,110
Interests in associates		**5,438,225**	5,578,126	5,469,486
Interests in joint ventures		**1,964,381**	1,796,406	2,230,928
Other non-current assets		**1,695,558**	3,677,565	3,637,068
Deferred tax assets		**791,895**	787,119	437,736
Loans to joint ventures		**-**	-	911,999
Long term receivables		**278,058**	250,718	244,533
Pledged bank deposits		**445,150**	417,450	260,370
		65,101,967	63,082,865	51,107,046
Current assets				
Inventories		**1,896,027**	2,440,595	2,404,721
Trade receivables	*11*	**1,719,622**	2,591,078	3,919,120
Other receivables		**1,410,000**	1,483,112	1,309,371
Loan to a joint venture		**-**	188,600	-
Taxation recoverable		**60,957**	74,869	17,471
Pledged bank deposits		**-**	45,945	80,000
Cash and bank balances		**2,603,664**	1,948,876	5,778,300
		7,690,270	8,773,075	13,508,983
Current liabilities				
Trade payables	*12*	**2,978,619**	2,895,815	3,095,668
Other payables		**5,499,610**	6,498,069	5,940,086
Taxation payable		**83,993**	216,553	743,736
Loans from an intermediate holding company		**-**	-	1,367,602
Loans from non-controlling shareholders		**144,325**	413,485	34,638
Bank loans - amount due within one year		**2,273,388**	3,649,220	5,998,084
		10,979,935	13,673,142	17,179,814
Net current liabilities		**(3,289,665)**	(4,900,067)	(3,670,831)
Total assets less current liabilities		**61,812,302**	58,182,798	47,436,215

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000* *(Restated)*	As at 1 January 2022 *RMB'000* *(Restated)*
Non-current liabilities			
Bank loans - amount due after one year	**13,816,725**	10,497,156	1,000,000
Loans from non-controlling shareholders	**47,000**	119,511	113,882
Other long term payables	**1,873,758**	1,875,513	579,657
Deferred tax liabilities	**327,650**	430,501	346,730
	16,065,133	12,922,681	2,040,269
	45,747,169	45,260,117	45,395,946
Capital and reserves			
Share capital	**617,812**	617,812	617,812
Reserves	**43,490,651**	43,206,973	44,136,041
Equity attributable to owners of the Company	**44,108,463**	43,824,785	44,753,853
Non-controlling interests	**1,638,706**	1,435,332	642,093
Total equity	**45,747,169**	45,260,117	45,395,946

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment property, equity investment designated at fair value through other comprehensive income and certain trade receivables, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. CHANGE OF PRESENTATION CURRENCY

The Company's functional currency is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in the prior financial year was Hong Kong dollars ("HK$").

Since the Group mainly operates its business in the Chinese Mainland and most of the assets and liabilities of the Group are denominated in RMB, the Directors consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB starting from 1 January 2023. The comparative figures have been restated to conform with the current year's presentation in RMB.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of comprehensive income are translated at the average exchange rates for the financial period. The share capital and reserves are translated at the exchange rate at the date of transaction. The non-controlling interests for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Group has adopted the following revised HKFRSs for the first time in the current year:

Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction

The application of the revised standards has had no material impact on the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 16	Lease liability in a sale and leaseback [1]
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements [1]
Amendments to HKAS 1	Classification of liabilities as current or non-current (the "2020 Amendments") and non-current liabilities with covenants (the "2022 Amendments") [2]
Amendments to HKAS 21	Lack of exchangeability [2]

[1] *Effective for annual periods beginning on or after 1 January 2024*
[2] *Effective for annual periods beginning on or after 1 January 2025*

The Directors do not anticipate that the application of new and revised HKFRSs and Interpretations will have material impact on the consolidated financial statements of the Group.

4. TURNOVER AND SEGMENT INFORMATION

Segment information has been identified on the basis of different products in internal management reports which are prepared in accordance with accounting policies conformed with HKFRSs, that are regularly reviewed by the chief executive officer in order to allocate resources to the operating segments and to assess their performance.

The Group's operating and reportable segments are as follows:

Cement - manufacture and sale of cement and related products

Concrete - manufacture and sale of concrete and related products

Aggregates and others – manufacture and sale of aggregates, engineered stones, natural stones and other products

Turnover represents the amounts received and receivable for goods sold to outside customers.

Segment results represent the profits earned by each segment without allocation of central administration costs, Directors' salaries, share of results of associates and joint ventures, interest income, finance costs and exchange differences.

All of the revenue in cement segment, concrete segment and aggregates and others segment are from sale of goods, which are recognized when the goods are transferred at a point in time. The performance obligation is satisfied upon delivery of goods.

The information of the segment results is as follows:

For the year ended 31 December 2023

	Cement *RMB'000*	**Concrete** *RMB'000*	**Aggregates and others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
TURNOVER– SEGMENT REVENUE					
External sales	**18,885,692**	**3,423,245**	**3,240,711**	**-**	**25,549,648**
Inter-segment sales	**550,272**	**2,398**	**309,505**	**(862,175)**	**-**
	19,435,964	**3,425,643**	**3,550,216**	**(862,175)**	**25,549,648**

Inter-segment sales are charged at prevailing market prices.

RESULTS					
Segment results	**814,698**	**129,434**	**815,636**	**-**	**1,759,768**
Interest income					**77,759**
Exchange loss					**(1,022)**
Finance costs					**(535,814)**
Unallocated net corporate expense					**(332,019)**
Share of results of associates					**(101,465)**
Share of results of joint ventures					**46,616**
Profit before taxation					**913,823**

For the year ended 31 December 2022 *(Restated)*

	Cement *RMB'000*	Concrete *RMB'000*	Aggregates and others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
TURNOVER– SEGMENT REVENUE					
External sales	23,124,939	4,537,226	1,670,270	-	29,332,435
Inter-segment sales	604,803	2,411	155,318	(762,532)	-
	23,729,742	4,539,637	1,825,588	(762,532)	29,332,435

Inter-segment sales are charged at prevailing market prices.

RESULTS					
Segment results	1,942,553	51,842	194,355	-	2,188,750
Interest income					100,419
Exchange loss					(50,757)
Finance costs					(301,236)
Unallocated net corporate income					5,636
Share of results of associates					15,244
Share of results of joint ventures					(60,792)
Profit before taxation					1,897,264

5. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Government incentives	**54,312**	83,789
Interest income	**77,759**	100,419
Rental income	**21,531**	38,445
Compensation received from insurance	**3,522**	2,595
Compensation received from suppliers and customers	**63,256**	33,630
Gain on disposal of fixed assets	**20,335**	9,931
Gain on disposal of right-of-use assets	**5,504**	7,907
Gain on disposal of subsidiaries	**163,616**	193,944
Gain on deemed disposal of an associate	**980**	-
Gain on disposal of a joint venture	**-**	15,184
Others	**161,027**	88,663
	571,842	574,507

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Interests on:		
Bank loans	**528,441**	324,443
Loans from an intermediate holding company	**-**	13,257
Loans from non-controlling shareholders	**7,509**	9,734
Provision for environmental restoration	**27,882**	24,450
Lease liabilities	**11,865**	9,438
Payable for acquisition of assets	**61,786**	-
	637,483	381,322
Less: Amount capitalized to fixed assets	**(101,669)**	(80,086)
	535,814	301,236

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Directors' emoluments	**3,812**	4,870
Pension costs and mandatory provident fund contributions for staff, excluding Directors	**261,067**	267,442
Other staff costs	**2,792,020**	2,799,392
Total staff costs	**3,056,899**	3,071,704
(Reversal of) allowance for doubtful debts	**(7,201)**	239,547
Allowance (reversal of allowance) for doubtful debts of other receivables	**74,100**	(2,940)
Amortization of mining rights	**349,959**	226,085
Auditor's remuneration	**5,000**	7,413
Depreciation of fixed assets	**1,989,545**	1,756,116
Depreciation of right-of-use assets	**237,977**	192,592
Impairment (reversal of impairment) of inventories	**4,920**	(391)
Impairment of goodwill	**78,095**	-
Impairment of fixed assets	**2,627**	-
Short term lease payments	**21,021**	20,509
Variable lease payments - motor vehicles	**312,908**	440,230

8. TAXATION

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current taxation		
Hong Kong Profits Tax	**14,870**	11,449
Chinese Mainland Enterprise Income Tax	**418,246**	844,589
	433,116	856,038
Underprovision (overprovision) in prior years		
Hong Kong Profits Tax	**33**	(50)
Chinese Mainland Enterprise Income Tax	**(24,059)**	(68,736)
	(24,026)	(68,786)
Deferred taxation		
Hong Kong	**2,048**	101
Chinese Mainland	**(115,855)**	(441,848)
	(113,807)	(441,747)
	295,283	345,505

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both years.

Chinese Mainland Enterprise Income Tax includes the income tax calculated at 25% on the taxable income of the group entities in the People's Republic of China ("China" or "PRC") but excluding Hong Kong and Macao (the "Chinese Mainland"), the withholding tax calculated at 5% on dividends in the Chinese Mainland, and the deferred tax calculated at 5% on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong, for both years.

9. EARNINGS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Earnings attributable to the owners of the Company for the purpose of basic earnings per share	**643,821**	1,612,583

	2023	2022
Number of share(s) of HK$0.10 each in the share capital of the Company ("Share(s)")		
Weighted average number of Shares for the purpose of basic earnings per share	**6,982,937,817**	6,982,937,817

No diluted earnings per share is presented as the Company did not have any potential ordinary shares outstanding.

10. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Dividends recognized as distribution during the year:		
2023 Interim - HK$0.041 per share (2022: HK$0.12 per share)	**263,370**	720,573
2022 Final - HK$0.009 per share (2021: HK$0.28 per share)	**56,619**	1,678,500
	319,989	2,399,073

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2023 of HK$0.006 per share (HK$0.009 per share in respect of the year ended 31 December 2022) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The total amount of HK$41,898,000 (2022: HK$62,846,000) of the proposed final dividend, calculated based on the Company's number of shares issued at the date of this announcement, is not recognized as a liability in the consolidated statement of financial position.

11. TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade receivables from third parties	**1,540,201**	2,507,186
Trade receivables from related parties	**179,421**	83,892
	1,719,622	2,591,078

The Group has a policy of allowing an average credit period of 0 to 60 days from the date of issuance of invoices to its customers.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of each reporting period.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
0 to 90 days	**1,104,190**	1,224,946
91 to 180 days	**162,018**	379,873
181 to 365 days	**148,680**	520,069
Over 365 days	**304,734**	466,190
	1,719,622	2,591,078

12. TRADE PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade payables to third parties	**2,882,184**	2,799,790
Trade payables to related parties	**96,435**	96,025
	2,978,619	2,895,815

The Group normally receives credit period of 30 to 90 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
0 to 90 days	**2,886,361**	2,713,267
91 to 180 days	**39,912**	106,729
181 to 365 days	**29,491**	66,663
Over 365 days	**22,855**	9,156
	2,978,619	2,895,815

BUSINESS ENVIRONMENT

In 2023, the Chinese government has adhered to the general principle of seeking progress while maintaining stability, fully, and accurately and thoroughly applied the new development philosophy on all fronts, accelerated the construction of a new development paradigm, comprehensively deepened reform and opening up, intensified macroeconomic control, and strived to expand domestic demand, optimize structure, boost confidence, and prevent and resolve risks, steadily improved supply and demand, actively promoted transformation and upgrade, solidly advanced high-quality development, and successfully achieved the main expected goals. In 2023, the gross domestic product ("GDP") of China grew by 5.2% year-on-year to RMB126.1 trillion, and national fixed asset investments ("FAI") (excluding rural households) increased by 3.0% year-on-year to RMB50.3 trillion.

According to the statistics published by the respective provincial bureaux of statistics, in 2023, the GDPs of Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou, Shanxi, Hunan, Hubei, Shandong, Chongqing and Shaanxi, where the Group has business operations, reached RMB13.6 trillion, RMB2.7 trillion, RMB5.4 trillion, RMB755.1 billion, RMB3.0 trillion, RMB2.1 trillion, RMB2.6 trillion, RMB5.0 trillion, RMB5.6 trillion, RMB9.2 trillion, RMB3.0 trillion and RMB3.4 trillion respectively, representing year-on-year increases of approximately 4.8%, 4.1%, 4.5%, 9.2%, 4.4%, 4.9%, 5.0%, 4.6%, 6.0%, 6.0%, 6.1% and 4.3% respectively. In 2023, the year-on-year changes in FAI of the aforementioned provinces were approximately 2.5%, -15.5%, 2.5%, 1.1%, -10.6%, -5.7%, -6.6%, -3.1%, 5.0%, 5.2%, 4.3% and 0.2% respectively.

In terms of stabilizing investment, fiscal policy played a crucial role. In 2023, approximately RMB4.7 trillion of new bonds were issued nationwide, among which, approximately RMB4.0 trillion were new special bonds. The effectiveness of the special bond policy has been further leveraged, expanding the scopes of investments of special bonds, giving priority to support more mature projects under construction, and assisting the construction of a batch of major projects with immediate and long-term benefits such as transportation, water saving and energy. According to the statistics published by the National Bureau of Statistics of China, in 2023, the national infrastructure investments (excluding the industries for production and supply of electricity, heat, gas and water) increased by 5.9% year-on-year. According to the statistics published by the Ministry of Transport of China and the National Railway Administration of China, in the first eleven months of 2023, FAI on highways and waterways in China amounted to approximately RMB2.8 trillion, representing an increase of 2.4% year-on-year. In 2023, FAI on railways in China amounted to approximately RMB764.5 billion, representing an increase of 7.5% year-on-year. New lines of 3,637 km commenced operation, among which, 2,776 km were high-speed railways, and the annual missions for railway construction had been successfully completed.

In 2023, it was still a year of profound adjustment for China's real estate market. In July 2023, the Central Committee's Political Bureau meeting set the tone that "the supply and demand relationship in the industry had undergone material changes", which opened space for subsequent policy loosening. Since then, various ministries of the Chinese government had specified the directions for optimizing real estate policies, various local easing policies had been intensively introduced, and the real estate industry welcomed the policy support. In December 2023, the Central Economic Work Conference focused on financing support to real estate companies, emphasized that the reasonable financing needs of real estate companies with different ownership systems should be met equally, and the "three major projects" for construction of public housing, construction of public infrastructure for "dual use in normal and emergency situations" and transformation of urban villages should be accelerated. The construction of the new model of real estate development should be accelerated, among which, the "three major projects" will help stabilize real estate investment, boost domestic demand, and promote the medium and long-term stable and healthy development of real estate. According to the statistics published by the National Bureau of Statistics of China, in 2023, the floor space of commodity housing sold in China decreased by 8.5% year-on-year to 1,120 million m^2 and the sales amount decreased by 6.5% year-on-year to RMB11.7 trillion. Real estate development investment in China decreased by 9.6% year-on-year to RMB11.1 trillion. Among which, the floor space of houses newly started construction decreased by 20.4% year-on-year to 950 million m^2 while the floor space of houses completed increased by 17.0% to 1,000 million m^2. As of the end of 2023, the floor space under construction by the real estate developers nationwide decreased by 7.2% year-on-year to 8,380 million m^2.

The Chinese government actively and steadily promoted urban village renewal and expedited the high-quality development of urbanization. According to the statistics published by the Ministry of Housing and Urban-Rural Development of China, in 2023, 53,700 old communities nationwide newly started renovations, and benefited 8.97 million households of residents, which exceeded annual targets with a total completed investment of nearly RMB240 billion. In July 2023, the executive meeting of the State Council of China considered and approved the "Guiding Opinions on Actively and Steadily Promoting the Transformation of Urban Villages in Super-Cities and Mega-Cities", which proposed to actively and steadily promote the transformation of urban villages in super-cities and mega-cities, with a development and operational model adhering to a market-oriented main theme that simultaneously promotes multiple business formats. It will build supporting public infrastructure and protect historical and cultural heritages, and scientifically prepare renovation planning plans to combine urban village renovation with affordable housing construction. As of the end of 2023, China's urbanization rate of permanent residence was 66.16%, representing an increase of 0.94 percentage points over the end of 2022.

THE INDUSTRY

According to the statistics published by the National Bureau of Statistics of China, in 2023, the total cement production in China amounted to approximately 2,020.0 million tons, representing a year-on-year decrease of 0.7%. During the year, cement production in Guangdong, Guangxi, Fujian, Hainan, Yunnan, Guizhou, Shanxi and Hunan were approximately 143.0 million tons, 100.0 million tons, 80.4 million tons, 15.5 million tons, 96.1 million tons, 58.8 million tons, 46.6 million tons and 82.9 million tons respectively, representing year-on-year changes of approximately -5.8%, -2.3%, -4.0%, -4.9%, -0.6%, -6.1%, -4.5% and 1.3% respectively.

During the year, according to the statistics of the China Cement Association, there were 17 new clinker production lines nationwide with new annual clinker production capacity of approximately 24.9 million tons. Among which, in our major operating regions, there was 1 new clinker production line in Guangdong with new annual clinker production capacity of approximately 1.6 million tons, 2 new clinker production lines in Guangxi with new annual clinker production capacity of approximately 3.3 million tons, 2 new clinker production lines in Guizhou with new annual clinker production capacity of approximately 2.5 million tons and 2 new clinker production lines in Hunan with new annual clinker capacity of approximately 2.8 million tons.

Regarding policies for the industry, the Chinese government had issued a series of policies and measures to accelerate the promotion of green, low-carbon transformation and high-quality development of the industry, improve efficiency for energy and resources utilization, improve and strictly enforce capacity replacement policies, promote regular off-peak production and advance rationalization of industrial structure to lay the foundation for achieving the goals of "carbon peaking" and "carbon neutrality". In addition, the Chinese government attaches great importance to production safety and occupational health, and advances the high-quality and sustainable development of the building materials industry.

Regarding energy saving and emissions reduction, the Chinese government actively implemented energy-saving and low-carbon actions, and promoted the ultra-low emissions transformation of the cement industry for facilitating the green, low-carbon and high-quality development of the industry. In January 2024, the Ministry of Ecology and Environment of China, together with the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, and the Ministry of Transport, jointly issued the "Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry". It is targeted by the end of 2025, key regions to strive to complete transformation of approximately 50% of cement and clinker production capacity and large state-owned enterprise groups in the regions to have basically completed organized and unorganized ultra-low emission transformation. By the end of 2028, cement and clinker production enterprises in key regions are expected to have basically completed the transformation, and to strive for approximately 80% of cement and clinker production capacity in China to complete ultra-low emission transformation.

In terms of green development, China adhered to the concept that "green waters and green mountains are gold mountains and silver mountains", unswervingly followed the path of eco-centric and green development, and promoted the comprehensive green transformation of economic and social development. In January 2023, the State Council Information Office of China released the white paper of "China's Green Development in the New Era", which proposed to improve the policies and standard systems for green and low-carbon development, strengthen the support for green and low-carbon enterprises, green products and green technologies, and further improve the resources pricing mechanism for the costs of environmental pollution in order to enable saving and efficient utilization of resources. In August 2023, ten departments including the National Development and Reform Commission jointly issued the "Implementation Plan for Demonstration Projects in Advanced Green and Low-Carbon Technology", which requires the implementation of demonstration projects in advanced green and low-carbon technology to deploy a batch of projects with advanced technology, outstanding effects in emission reduction, synergies in pollution and carbon reduction and clear demonstrative effects to accelerate the capture of global green and low-carbon technology and industry plateau, and provide strong support for achieving the goal of carbon neutrality and carbon peaking, and provide green momentum for high-quality economic and social development. The plan emphasized the need to fully leverage "research, development, production and demonstration application of new low-carbon and zero-carbon building materials such as new cementitious materials, low-carbon concrete and advanced bio-based building materials".

In terms of energy consumption, in April 2023, eleven departments including the Standardization Administration of China issued the "Guidelines for the Construction of Standard Systems for Carbon Peaking and Carbon Neutrality", which aimed to promote and achieve the coordination between energy consumption quota indicators and carbon emission intensity indicators, improve the construction of dual-carbon standard systems, specify the key directions of work and provide important support for further achieving efficient resource utilization, in-depth industrial restructuring, and green transformation of production and lifestyle. In July 2023, departments including the National Development and Reform Commission of China issued the "Benchmark Levels and Baseline Levels for Energy Efficiency in Key Industrial Fields (2023 Edition)", which required the integration of product energy consumption, scale and volume, technological status and transformation potential of key industrial sectors, further expand the scope of energy efficiency constraints, and combine energy consumption quota standards of various industries to scientifically define the energy efficiency baseline levels for each industry. At the same time, it proposed to lead the enterprises with existing projects with energy efficiency levels between benchmark levels and baseline levels to make all necessary improvements and upgrades. All regions are required to lead enterprises to transform and upgrade for beating the baseline levels of energy efficiency within requisite time limits and to phase out projects that are unable to achieve these targets on schedule. For 25 key areas including cement, it is specified that in principle the transformation work should be completed before the end of 2025. The issuance of this document will further unleash the leading and restrictive functions of energy efficiency indicators and provide important support for achieving the carbon peaking target by 2030 as scheduled.

In terms of the work for "dual carbon" targets, the Chinese government has steadily and orderly promoted the construction of trading in the national carbon emissions market and gradually expanded the industry coverage of the national carbon market. In August 2023, eight departments including the Ministry of Industry and Information Technology of China and the National Development and Reform Commission of China jointly issued the "Work Plan for Stable Growth of the Building Materials Industry". The notice highlighted that it is necessary to promote the implementation of corporate green energy review and reduction policies, study and promote the inclusion of the cement industry into the national carbon emissions trading market. In October 2023, the Ministry of Ecology and Environment of China issued the "Notice on Reporting and Verification Greenhouse Gas Emissions of Enterprises in Certain Key Industries from 2023 to 2025", which clarified the scope and specific requirements for greenhouse gas emission reporting and verification of enterprises in key industries such as building materials, steel and non-ferrous metals from 2023 to 2025, and is aimed at standardizing the management of greenhouse gas emission data for enterprises in key industries, and will have a positive impact on the development of the national carbon market and play a vital role and is of great significant to achieving the goals of "carbon peaking" and "carbon neutrality".

In terms of industrial structure, in July 2023, the National Development and Reform Commission of China initiated public consultation for the "Guidance Catalogue for Industrial Structure Adjustment (2023 Edition, Draft for Comments)", which pointed out that, among others, industries are the key to economic development and promotion of industrial structure adjustment is an important measure for building a modern industrial system, enhancing industrial core competitiveness and enhancing the industries to progress towards the medium to high-end of the global value chain. The "Guidance Catalogue for Industrial Structural Adjustment (2024 Edition)" has been promulgated in December 2023, and has been in force since 1 February 2024.

In terms of production safety, the Chinese government attaches great importance to production safety. In April 2023, the Work Safety Committee of State Council of China issued the "2023 Overall Action Plan for Special Investigation and Rectification of Latent Hazards of Nationwide Major Incidents", which deployed all regions, relevant departments and units to deeply learn from the lessons of incidents, comprehensively investigate and rectify latent hazards of major incidents, and resolutely prevent and control major and extremely serious incidents. In September 2023, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the "Opinions on Further Strengthening Mine Safety Production Work", which focused on seven aspects such as strict mine safety access, promotion of mine transformation and upgrade, prevention and resolution of major safety risks, and strengthening corporate main responsibilities in order to promote the transformation of the mine safety management model to pre-emptive prevention.

In terms of aggregates, in April 2023, the Ministry of Natural Resources of China issued the "Notice to Standardize and Improve the Management of Sand and Gravel Mining", which required the maintenance of sound order in mining and the promotion of green development of mineral resources. At the same time, it also proposed the scientific planning for development and layout, the rational and orderly allocation of mining rights, and the proactive implementation of requirements such as the transfer of "pure mines".

TRANSFORMATION AND INNOVATION

In response to the Group's "Fourteenth Five-Year" strategic development plan, during 2021, the Group reorganized the business into four business segments: basic building materials, structural building materials, functional building materials and new materials. The basic building materials business mainly includes cement and aggregates. The structural building materials business mainly includes concrete and prefabricated construction. The functional building materials business mainly includes engineered stone, tile adhesive and white cement. The new materials business currently focuses on exploring development opportunities in inorganic non-metals.

In terms of basic building materials, the Group further consolidated its competitiveness in the South China market. In January 2023, the Group successfully won the bid for the mining rights of a limestone quarry in Longma Mountain, Litang Town, Binyang, Nanning, Guangxi, which had further expanded aggregates resources. In June 2023, the Group successfully won the bid for the mining rights of a limestone quarry for cement in Maoping Mining Concession, Dongshi Town, Pingyuan County, Meizhou, Guangdong, which had further expanded limestone resources for cement and aggregates resources for construction. In August 2023, the Group's new dry-process cement and clinker production line located in Liangtian Town, Chenzhou, Hunan, successfully commenced production after completing upgrade and transformation in terms of technology, energy consumption, and environmental protection. In addition, during the year, the integrated aggregates and concrete project in Anshun of Guizhou, the aggregates project in Ding'an of Hainan, the Runxin aggregates project in Zhaoqing of Guangdong and the aggregates project in Binyang County, Nanning, Guangxi, commenced production, with gradual increase in the scale of aggregates production capacity.

In terms of structural building materials, the Group promoted the prefabricated construction business in an orderly manner taking into consideration of Chinese government policies and market conditions. As of the end of December 2023, the Group had a total of 6 projects of precast concrete components. Upon completion of construction of all projects, the design annual production capacity of precast concrete components is expected to reach approximately 1.4 million m^3.

In terms of functional building materials, the Group optimized the layout of its existing engineered stone business and promoted high-quality and sustainable development of its business by continuously improving its engineered stone technology and product quality. At the same time, DongGuan Universal Classical Material Ltd. expanded its production line for inorganic engineered stone in Dongguan, Guangdong, and Laibin Universal Classical Material Ltd. built an intelligent production line project for inorganic engineered stone in Laibin, Guangxi, which further increased production capacity.

The Group plans for its development from the lofty perspective of harmonious coexistence between human and nature, takes ecology, environmental protection, safety and intensive utilization of resources as the main theme of work, continues to improve the construction of environmental management system, deepens energy saving and emission reduction, practices the construction of ecological civilization, and strictly abides by the red line of ecological protection. We actively respond to climate change, lead the green and low-carbon development of the industry, and comprehensively enhance ecological vitality for building a beautiful China.

During the year, the Group continued to increase investment in research and development, and actively promoted research and development of new technologies and new products. The Group continued to promote the upgrade and improvement of grate coolers in cement and clinker production lines and the optimization of highly-effective pre-decomposition systems, comprehensively promoted the application of grinding aids for raw materials, expedited production plants to launch tests on solid waste and implement alternative fuel projects, and actively promoted photovoltaic power generation projects, thereby enhancing production efficiency, energy saving and carbon reduction. At the same time, the Group actively promoted the application of fully electric mining trucks, unmanned driving and digitalization in mines to advance the construction of green mines.

In 2023, the Group's unfailing efforts in technological innovation and corporate social responsibility work were recognized by the industry and the society. These include:

- In April, the "Project for Platformization and Integration in the Scenario of Whole-Process Intelligent Manufacturing", the "Project for New Model in Intelligent Operation and Maintenance of Manufacturing Equipment for Production and Operation" and the "Project for Financial Shared Services to Help Digital Transformation of Enterprises in the Cement Industry" submitted by the Group were honoured with the first prize, the second prize and the third prize respectively in the first "State-owned Enterprise Digital Scenario Innovation Professional Competition" held by the Chinese government.

- In May, the "Xi'an International Convention and Exhibition Center Project" submitted by Shenzhen Runfeng New Materials Technology Company Limited was honoured with the Gold Award of High-Quality Stone Decoration Engineering of the Sixth "Huabiao Cup" by the China Stone Association, which is the first engineered stone enterprise to have won the "Huabiao Cup" award.

- In June, the Group was successfully selected into the list of "China Listed Companies ESG Pioneer 100" with a rank of 13 and ESG performance at a five-star level.

- In December, the World Economic Forum (WEF) announced the new batch of members of the Global Lighthouse Network, and China Resources Cement (Tianyang) Limited was selected as an "Advanced Fourth Industrial Revolution (4IR) Lighthouse" becoming the first "Lighthouse Factory" in the global building materials industry and the first "Lighthouse Factory" among central enterprises in the Guangdong-Hong Kong-Maucau Greater Bay Area (the "Greater Bay Area"). The "Lighthouse Factory" awarded enterprises are recognized as the "most advanced factories in the world", representing the highest level of intelligent manufacturing and digitization in the global manufacturing industry.

DISPOSAL

In December 2023, China Resources Cement (Fuzhou) Holdings Limited, an indirectly wholly owned subsidiary of the Company, disposed of its 100% equity interests of and its shareholders' loans to China Resources Cement (Fuzhou) Limited through public tender. Upon online bidding by three intended parties, the sale was finally completed for a total consideration of RMB239.0 million.

PRODUCT CAPACITY

Changes to Production Plants

In terms of clinker and cement, in February 2023, Hunan Liangtian Cement Co., Ltd. won the bid for the mining rights of a limestone quarry for cement in Yajiang Mining Concession, Suxian District, Chenzhou City, Hunan, which added 36.3 million tons of limestone resources. During the year, the Group promoted technological upgrade of the production lines of Hunan Liangtian Cement Co., Ltd., which had been completed in September. Following the upgrade, the annual production capacity of clinker remained unchanged at approximately 1.6 million tons, while the annual production capacity of cement increased to approximately 2.1 million tons.

In terms of concrete, during the year, the Group acquired 1 concrete batching plant, disposed of 1 concrete batching plant, built and commenced operation of 1 new concrete batching plant and adjusted the production capacity of 1 concrete batching plant. The total annual production capacities of concrete decreased by approximately 50,000 m^3 as compared with last year.

Capacity Utilization

The utilization rates of the Group's cement, clinker and concrete production lines in 2023 were 71.8%, 81.0% and 25.9% as compared with 81.6%, 90.5% and 29.3% respectively for 2022.

COST MANAGEMENT

Operational Management

In 2023, focusing on the management theme of "systematic reshaping and high-quality development" and with the "four reinventions" as the starting point, the Group built a "large-scale operational management system", preliminarily established a cost control mechanism along the whole value chain, strengthened production and operation management, and continued to improve energy consumption levels. The Group vigorously developed the aggregates business, accelerated the construction of aggregates projects, and increased its market share of aggregates. The Group benchmarked against world-class standards, comprehensively reinforced operational excellence, and promoted high-quality development.

Driven by the urgent need for energy saving and carbon reduction, the Group promoted the implementation of operation management and control of basic building materials, steadily implemented the "Four-Year Action Plan for Energy Saving and Carbon Reduction", and continued to promote the use of alternative fuels and technological upgrade for restructuring heat exchange technique through series-parallel coupling of the "Five to Six" preheater and the "Fifth-level plus" preheater. The standard coal consumption dropped by 4.34 kg per ton of clinker product. 14 production lines with total production capacities of 20.67 million tons, accounting for 33% of production capacity of the Group, reached the first-level energy consumption benchmark level stipulated by the GB16780 standards, and had achieved two years ahead of the 2025 goal of the five national ministries and commissions that 30% of the clinker production capacity shall reach the first-level energy consumption level.

During the year, the prototype of the large-scale operational management system was initially established, the construction of operational management system standards for the "4+1" business (cement, aggregates, concrete, prefabricated construction and engineered stone) was coordinated and improved, and a system for production and operational indicators was constructed, which included the five major systems of policy standards, indicator management, benchmarking management, lean management and management evaluation. A meeting for benchmarking management analysis of cost control along the whole value chain was organized and held, which initially established a cost control mechanism along the whole value chain from warehousing of raw materials and fuel materials to delivery of products, clarified the responsibilities of each level in cost control along the whole value chain, and consolidated the responsibility of cost management in order to restore the advantage of the lowest total costs.

In terms of treatment and management of mine safety, the Group dampened the disturbance to slopes through controlled blasting. Mine slopes were treated and managed through measures such as cleaning pumice stones, setting up passive safety nets, hanging nets for support and slope monitoring, which had strengthened the rock mass stability of slopes and improved the safety coefficient of mine slopes. At the same time, the Group advanced the construction of digital smart mines, actively promoted the application of all-electric mining trucks, unmanned driving, smart drilling and digitalization in mines, and continuously improved the level of intelligent automation to facilitate the construction of green mines.

In terms of project management, the Group strengthened the technical control on construction process, reinforced process management and delicacy management for projects, held and organized panel assessment meetings such as project general plans, preliminary designs and special designs to fully discuss on optimization plans, reduce project investment costs and provide technical support for accelerating the construction of production lines. In addition, the Group organized and launched research on external aggregates enterprises, learned from the successful experiences such as process plans and host configurations and used them for reference, and revised the "Technical Plan for Production Lines of Manufactured Sand and Gravel Aggregates" to guide each production plant to more accurately and efficiently prepare feasibility study reports of aggregates projects. In addition, the Group fully leverages the headquarters on its overall management function for project construction and holds regular project progress meetings to sort out the outstanding problems in the preparation stage and construction stage of each project, discuss and implement solutions for accelerating project execution.

In terms of aggregates business management, the Group has launched special research to resolve the weaknesses in aggregates projects such as acquisition of mining resources, application for permits and licences, project construction, business operations and product sales, and effectively improved the three strengths in construction, operation and sales of aggregates projects to make them become the "ballast stone" of profit contribution to the Group. At the same time, the Group used the experience of outstanding external aggregates enterprises in indicators management for reference to establish a database of aggregates operational indicators including indicators for energy consumption, production, quality and consumption to consolidate the production and operation management of each production plant. In addition, the Group compiled the "Evaluation Rules for Excellent Operation and Management of the Aggregates Business" and conducted evaluation on production plants that had officially commenced operation for over six months. Through these evaluation activities, the production plants are guided to continue benchmarking, identify weaknesses, and implement improvement measures in order to continuously improve the operation and management level of the Group.

Procurement Management

In 2023, insufficient domestic demand for coal, coupled with the impact of coal imports, had led to an overall shocking downward trend in coal market prices. During the year, the Group purchased a total of approximately 6.6 million tons of coal (approximately 8.6 million tons in 2022), among which, approximately 82%, 10% and 8% were sourced from northern China, neighbouring areas of our production plants and overseas respectively (84%, 16% and 0% in 2022). The proportion of direct procurement from coal producers was approximately 88% (76% in 2022).

In the future, the Group will continuously strengthen the cooperation with large-scale domestic coal suppliers, maintain a relatively high fulfillment rate of long-term contracts, and establish strategic channels for direct procurement of Australian coal. We plan to conduct annual price inquiries and tenders with Australian mining companies again in 2024 to increase the proportion of imported coal procurement. At the same time, the Group will continue to expand procurement channels with other large-scale coal enterprises with advantageous prices and self-produced resources and regularize the launch of monthly and annual open price inquiries for market coal. The Group will combine production needs with market research and judgment, and implement strategic inventory control based on the principle of scientific inventory control when opportunities arise, in order to reduce comprehensive procurement costs.

In terms of mixed materials, the Group intensified market research, expanded the scope of sourcing, continued to explore procurement channels and strengthened the promotion and application of caloric materials and industrial waste residues to promote reduction of both energy consumption and costs.

Aggregates are the main raw materials for concrete production. By implementing the business models for centralized procurement by the structural building materials business division and regional centralized procurement, the Group promoted procurement strategies such as regional joint procurement and introduction of direct supply from the source to reduce procurement costs.

Logistics Management

In 2023, as the transportation market was generally stable with periodic shortages of transportation capacity and rising transportation costs, the Group adopted a series of measures to achieve an overall downward trend in logistics cost. In terms of shipping, the Group reduced shipping costs in multiple steps through measures such as optimizing tender schemes, introducing multiple logistics providers to participate in competition and determining the best shipping points based on the principle of the lowest total costs. In terms of truck transportation, the Group attracted and secured two-way vehicles with lower freight prices in advance by providing partial supply of clinker and long-term contracts. At the same time, the Group rolled out transportation cost estimates for bulk cement to foster more reasonable truck freight prices.

In 2023, the annual shipping capacity of the Group along the Xijiang River was approximately 39.9 million tons, which secured stable and continuous logistics capabilities for the Group's business operation. The Group continuously optimized the layout of its silo terminals and means of cooperation to build compliant and environmentally friendly silo terminals. During the year, the Group controlled the operation of 30 silo terminals with total annual capacity of approximately 30.9 million tons, which are mainly located in the Pearl River Delta Region of Guangdong. This consolidates the Group's leading market position in Southern China.

SALES AND MARKETING

Product Promotion

In 2023, the Group continued to intensively promote specialized products such as cement for nuclear power stations, Portland cement for roads and medium-heat and low-heat cement to leverage our differentiated competitive advantages. Among which, the Group continuously supplied cement for nuclear power stations to 5 nuclear power projects in Zhejiang, Fujian, Guangdong and Hainan, and newly added the supply of pre-stressed cement for Phase 2 of the nuclear power project in Changjiang, Hainan during the year. In addition, the Group's Portland cement for roads had been used in Phase 2 of the Fuzhou Airport expansion project and listed as the key recommended cement for road construction in Fujian. The "Project for a World Leader in Transport" jointly advanced with the Fuzhou University, China and Fujian Highway Administration Bureau Business Development Centre of Fujian Province had completed acceptance of trial phases in Langqi of Fuzhou and Douwei of Hui'an.

In addition, the Group actively developed medium-heat, low-heat and low-alkali cement products in projects such as hydropower stations and railway construction in the Yunnan region, and had now been successfully applied in hydropower station projects at Yebatan, Tuoba, Xulong, Lawa and Rumei as well as the Sichuan-Tibet railway project. Among which, the low-heat Portland cement (high belite cement) of "Runfeng" brand manufactured by the Group has the characteristics of low hydration heat, high durability, corrosion resistance and crack resistance, which can well meet the construction needs of the Sichuan-Tibet railway in an environment with complicated geological structure, frequent occurrence of geological disasters, harsh hydrological and climate conditions, crustal plate movements, sensitive ecology and poor infrastructure.

Brand Building

In 2023, the Group continued to strengthen the construction of "Runfeng" brand terminals, achieved brand terminal coverage of 92.2% and added 3 new brand image stores. During the year, with the target of promoting large-scale brand building in the industrial chain, the Group established and improved the application standards and management process of Runfeng products in aggregates and concrete, and created the first application pilot site of Runfeng aggregates at the production plant in Wuxuan. Meanwhile, the Group conducted systematic research study on product quality benchmarking between Runfeng and mainstream brands in the regional markets to actively identify gaps and improve weaknesses. In 2023, customer satisfaction rate was 98.19%, representing a year-on-year increase of 0.57%. On 28 June 2023, the Group upgraded the previous "Runfeng" brand anniversary celebration to a dual-brand customer appreciation event for "Runfeng" and "Runpin" for gathering core customers of the two brands to discuss development together and create a favourable situation for the Group's large-scale marketing construction.

As a unified brand of the Group's functional building materials, "Runpin" launched end-user brand building in the first half of the year at professional exhibitions such as the China Xiamen International Stone Fair, Shenzhen Fashion Home Design Week and China (Foshan) International Ceramics & Bathroom Trade Fair and built 19 brand flagship stores and 5 specialty stores to showcase the "Runpin" brand image and product system. Through the systematic operation of the "Runpin Luxury" showroom and organizing design salon activities, it had become a comprehensive venue that integrates "designer exchanges, customer visits, business negotiations and brand image displays". Meanwhile, the Group took advantage of online media such as WeChat public account, video channels and TikTok for inter-connections with offline marketing to further expand brand exposure.

TRANSFORMATION AND INNOVATION

New Business Development

In 2023, the Group actively seized development opportunities of new businesses, fully utilized the integrated synergistic advantages between cement, aggregates and concrete, and achieved rapid development in the aggregates business and initial success in the optimization of business structures. The proportion of assets and revenue of new businesses continuously increased.

Aggregates

In 2023, the Group further enriched its reserves of high-quality aggregates mine resources, and accelerated the construction and commissioning of aggregates projects. In January, the Group won the bid for the mining rights of a limestone quarry in Longma Mountain, Litang Town, Binyang County, Nanning City, Guangxi, with resource reserve of approximately 76.0 million tons and planned annual production capacity of approximately 5.0 million tons. It had commenced operation during the year. In March, the Group officially completed construction and commenced operation of the aggregates and concrete project with planned annual production capacity of approximately 2.0 million tons of aggregates in Xixiu District, Anshun City, Guizhou. In June, the Group won the bid for the mining rights of a limestone quarry for cement in Maoping Mining Concession, Dongshi Town, Pingyuan County, Meizhou City, Guangdong, with resource reserves of approximately 37.0 million tons of limestone for cement and 12.0 million tons of aggregates, as well as planned annual production capacities of approximately 2.5 million tons of limestone for cement and approximately 1.3 million tons for aggregates. It is expected to complete construction and commence production and operation by the end of 2025.

As at 31 December 2023, based on its own existing cement mines, the Group's annual production capacity of aggregates in operation through its subsidiaries (inclusive of trial production) was approximately 92.5 million tons, and the total annual production capacities of aggregates attributable to the Group according to our equity interests of the associates located in Yunnan and Fujian were approximately 3.1 million tons. In addition to the newly obtained aggregates projects, upon completion of construction of all projects, the annual production capacity of aggregates controlled by the Group through its subsidiaries is expected to reach 147.5 million tons and the annual production capacity of aggregates attributable to the Group according to our equity interests of associates and joint ventures will reach approximately 13.6 million tons.

Prefabricated Construction

The Group promoted the prefabricated construction business in an orderly manner according to Chinese government policies and market conditions.

In terms of the precast concrete components business, the project for precast concrete components at Intelligent Building Jiangmen, Guangdong, officially commenced production in September 2023, with design annual production capacity of approximately 50,000 m^3.

As of the end of December 2023, the Group had a total of 6 projects for precast concrete components. Upon completion of construction of all projects, the design annual production capacity of precast concrete components is expected to reach approximately 1.4 million m^3.

In addition, the Chinese government actively promotes green building materials, and supports energy saving and consumption reduction in the construction industry and innovation in building methods. The first phase of the Group's production lines for the autoclaved aerated lightweight concrete blocks and panels project in Fengkai, Guangdong, commenced construction in April 2022 and had officially commenced operation in the first half of 2023. The project has design annual production capacities of approximately 400,000 m^3 of panels and approximately 200,000 m^3 of blocks.

Functional Building Materials

In 2023, the Group optimized the layout of its existing engineered stone business. The Phase 1 expansion of the second production line for inorganic engineered stone of DongGuan Universal Classical Material Ltd. in Dongguan, Guangdong had commenced operation with planned annual production capacity of approximately 1.5 million m^2. The intelligent inorganic engineered stone production line project in Laibin, Guangxi of Laibin Universal Classical Material Ltd. is under construction in two phases with total planned annual production capacities of 6.0 million m^2. The first phase of the two production lines with planned annual production capacities of 3.0 million m^2 had officially commenced operation in December 2023. After all projects under construction have commenced operation, the Group's planned annual production capacity of engineered stone will reach 26.1 million m^2.

At the same time, the Group continuously improved the technical level and product quality of engineered stone to promote high-quality and sustainable business development. The Group will focus on the promotion of recovery technology of styrene, volatile organic compounds in engineered stone, at Runhe (Feixian) New Material Co., Ltd. In May 2023, the exhaust gas treatment equipment of the project had been installed. Currently, simultaneous debugging had been completed and the project had entered the trial operation stage. The Group also continued to iteratively upgrade more high-quality stone products, with excellent performance in areas such as green manufacturing, green products, green supply chain management, social responsibility and scientific and technological creation in habitat settlement construction, which had been recognized by the industry and customers. "Runpin" inorganic engineered stone has been certified by internationally advanced levels of scientific and technological achievements, honoured with industry awards such as the "Building Materials Science and Technology Progress Award of China Building Materials Federation • The Chinese Ceramic Society", and obtained the "Shenzhen Science and Technology Planning Project Certificate in the Field of Engineering Construction". The Xi'an International Convention and Exhibition Center project, which Shenzhen Runfeng New Materials Technology Company Limited, a subsidiary of our Functional Building Materials Business Division, participated in the construction, was honoured with the Gold Award of High-Quality Stone Decoration Engineering of the Sixth "Huabiao Cup" by the China Stone Association. This is also the first engineered stone enterprise to have won the "Huabiao Cup" award. The practical results from the green and low-carbon development of "Runpin" had been highly recognized by the industry and the society. Shenzhen Runfeng New Materials Technology Company Limited won the "Elite Science and Technology Award-Green Supply Chain Enterprise" award. A total of 9 companies that participated in the "Green Chain Action" were awarded nationwide, among which, only one engineered stone company, Shenzhen Runfeng New Materials Technology Company Limited, received this honour. Its subsidiary DongGuan Universal Classical Material Ltd. takes "green manufacturing, green products, recycling, and social responsibility" as core of its development and was honoured the title of "2023 Green Factory in the Stone Industry". In 2023, "Runpin" tile adhesives was awarded the 2023 "Most Impetuous Enterprise Award" and the 2023 "Golden Orchid Award" of the China Ceramic Tile Adhesives Industry, and passed the Hong Kong Product Conformity Certification Scheme for Tile Adhesives (PCCS-TA), which were subsequent honours following the three-star certification of green building materials products in China. The Functional Building Materials Business Division had been actively building a system for product intellectual property. In 2023, the Group added 4 new authorized patents, 2 new articles, led the compilation of 1 national standard of "Profession for Engineered Stone Production and Processing" and participated in the compilation of 4 industry standards and group standards including the "Ceramic Tile Adhesives JC/T547".

On the other hand, the Group continued to optimize its marketing system and strengthen the brand promotion of "Runpin". In 2023, the Group participated in 6 industry exhibitions, namely, China (Foshan) International Ceramic & Bathroom Trade Fair, Shenzhen Fashion Home Design Week Exhibition, China Xiamen International Stone Fair, China Hezhou International Stone Fair, Guangxi Green Building Materials Products Trade Fair and the Greater Bay Area Youth Exchange Activities in Manufacturing Industry. The Group held the inaugural "Runpin Luxury" design salon event, and conducted in-depth dialogues with 14 well-known design units in order to propel business development. Together with the Shenzhen Home Decoration Industry Association, the Group invited representatives from 32 building materials companies in the Greater Bay Area to exchange business strategies and experiences in the North American market and promote the achievement of resources complementation and collaborative development. In 2023, the Group achieved new cooperation with 6 large-scale strategic customers with total contract value of over RMB24.0 million, and entered into strategic centralized procurement agreements with China Southwest Architecture Wall Materials Co., Ltd. and Grandjoy Holdings Group Co., Ltd. In addition, the Group also continued to expand and maintain engineering distributors. During the year, contracts for 15 new projects were entered into in total, with total contract value of over RMB40.0 million.

In addition, the Group continued to strengthen cost reduction and efficiency enhancement of the engineered stone business. In 2023, the Group managed to save production costs and expenses through measures such as optimization of procurement channels, substitution of raw materials, optimization of prescriptions, process adjustments and replacement of low-interest loans of production plants.

New Materials

In terms of the new materials business, the Group extended the calcium-based industry chain based on its existing high-quality mining resources, incubate and cultivate the basalt fiber new materials business and continuously monitor entry opportunities in the new energy materials industry in order to actively promote the implementation of projects in the new materials industry. Among which, the Group successfully obtained mining rights for both the calcium oxide project in Chongyang of Hubei and the calcium-based project in Guigang of Guangxi, with resource reserves of approximately 84.0 million tons and approximately 110.0 million tons respectively. A production line with annual production capacity of approximately 250,000 tons of calcium oxide designed for the calcium oxide project in Chongyang of Hubei is under construction, and is expected to commence production and operation in 2024. Production lines with annual production capacities of approximately 500,000 tons of calcium oxide and approximately 100,000 tons of calcium hydroxide designed for the high-end calcium-based project in Guigang of Guangxi is under construction, and is expected to commence operation in 2024. The above projects are under construction as planned. In addition, other projects are being advanced in an orderly manner as planned.

Digital Transformation

As a benchmark enterprise of China Resources Group in digitalization and intelligentization, the Company continued to promote the construction of digitalization and intelligentization, was committed to promoting the transformation and upgrade of traditional industries, and used advanced technology to help improve corporate management and operational efficiency.

In terms of intelligent factories, on 14 December 2023, China Resources Cement (Tianyang) Limited, a subsidiary of the Group, was officially awarded the "Advanced Fourth Industrial Revolution (4IR) Lighthouse" released by the World Economic Forum, and became the first "Lighthouse Factory" in the global building materials industry and the first "Lighthouse Factory" among state-owned enterprises in the Greater Bay Area. With the main theme of technology and data, the Group relied on advanced Industrial Internet of Things technology structures, scalable vertical industry and Industrial Internet platforms, powerful data analysis systems and ecosystems, and was selected as one of the six leading cases in the 2023 "Annual White Paper on the Global Lighthouse Network", which further demonstrated the global competitiveness of China Resources.

The cement production plant in Tianyang of Guangxi used digital application cases and advanced technologies to achieve revolutions and improvements in areas such as personnel efficiency, operating costs, equipment efficiency, product quality, customer service and green emission reduction, with significant improvements in 11 major key performance indicators and 15 subdivided key performance indicators. The production plant achieved 24% reduction in carbon dioxide emissions, 105% increase in cement production per capita, 56% reduction in unplanned equipment downtime, 25% improvement in quality stability and 39% reduction in the average delivery time for customer pickup.

The Oracle EBS system in the engineered stone industry was launched on a pilot basis and stably operated at the factories of DongGuan Universal Classical Material Ltd. and Laibin Universal Classical Material Ltd. At the same time, organization for engineered stone Oracle EBS system operation and maintenance was established to ensure continued stable operation of the system, gradually promote the digital construction of the engineered stone business and help to create a benchmark production plant for intelligent manufacturing of engineered stone.

The Group continued to deepen intelligent digital empowerment and promote application of mature intelligentization. Production safety management system had been launched in production plants at Fengkai, Tianyang and Zhaoqing Runxin, which laid the foundation for building a standardized template for the Group. The self-developed advanced control systems and quality management systems had been launched in multiple production plants with the application of three artificial intelligence algorithms, which will continue to be iterated and upgraded. A new model of intelligent operation and maintenance of equipment had been built, which will help the entire value chain reduce costs and improve efficiency through digitalization and support the improvement of competitiveness in traditional business. The Group created digital standard solutions for new business types, supported the rapid development of new businesses such as stone and aggregates, completed the information system coverage of 19 new production plants including aggregates and new materials, quickly achieved the actions for standardization of "online business operation, standardized management, and integration of business and finance" to reduce management costs. The construction of the ERP system was advanced for the Hong Kong business and the pilot launch of online accounting system was promoted.

The Group and China Resources Group jointly applied for the Guangdong database project for innovative applications in Industrial Internet identification and analysis. The Group launched platform innovation, taking the four major application scenarios of cement quality traceability, logistics traceability, equipment operation and maintenance and supply chain as pilot projects, promoted cross-enterprise and cross-regional interconnection and traceability of data, fostered the development of market standardization and protected the rights and interests of customers.

As a deputy director unit of the China Building Materials Federation, the Group participated in the formulation of industry standards and completed the release of two group standards, namely, the "General Requirements for Traceability Systems for Traceability of Building Materials Products" and the "Requirements for Evaluating Intelligent Factories in the Cement Industry".

Intelligent Logistics

In terms of intelligent logistics, the promotion and launch of the "Smart Card" intelligent logistics system had been completed at 10 aggregates production plants including Guigang, Runhan, Runxin, Wuxuan and Tianyang and the cement production plant at Hunan Liangtian, which achieved the unmanned weighing and reduced-manpower loading, improved shipping efficiency, and helped to unleash production capacity. Monitor on coal transportation and loading had been trialed at 7 cement production plants including Longyan and Caoxi in order to strengthen coal management.

Intelligent Marketing

In terms of intelligent marketing, during the year, the Group's project for digital transformation of marketing model had been fully launched in the cement, aggregates, concrete and tile adhesives businesses of each region with a coverage rate of 100%. At the same time, the Group simultaneously rolled out online promotion in the engineered stone business. The logistics distribution and supply chain financing business on the platform continued to launch steadily. As at 31 December 2023, the cumulative transaction volume of the e-commerce platform reached approximately 180.0 million tons, with approximately 35,000 registered users, 517 carriers and approximately 87,000 vehicles (vessels) settled cumulatively. At the same time, the cumulative distributed business volume of the platform reached 294,000 tons, with credit lines of approximately RMB1.36 billion.

RESEARCH, DEVELOPMENT AND INNOVATION

Innovation is an important momentum to stimulate corporate vitality and motivate long-term corporate development. As of the end of 2023, the Group had 607 technology talents, among whom, there were 2 China Resources Group-level leading scientific and technological talents, 6 company-level scientific and technological leading talents, 6 company-level scientific and technological backbone talents, and 26 company-level scientific and technological youth talents. Over 80 employees were specialized in research and development, among whom, there were 5 professor-level senior engineers, 17 employees with doctorate degrees, and 48 employees with master's degrees.

In 2023, the Group actively promoted research and development of new products and new technologies. During the year, the Group self-developed rotary furnaces, which are special thermal equipment used for disposing of heavy and non-flammable domestic solid waste with medium to low calorific value, and walking beam furnaces, which are special thermal equipment used for disposing of light, loose and flammable biomass solid waste. The application of energy-saving and carbon reduction technologies in roller presses of raw materials and cement grinding had been developed and promoted. At the same time, the Group strived to keep pace with the new era in dual-carbon, lead the promotion of green and innovative development by independently developing carbon-reducing cement grinding aids, which had been promoted and applied at 26 production plants. The Group had developed re-engineering technology for carbon dioxide in-situ self-enrichment process with the Company's characteristics, as well as high-solidity carbon-free autoclaved aerated concrete products, and built a research platform for carbon utilization at the Fengkai cement production plant of Guangdong to achieve the integrated industrial process of carbon capture and carbon utilization for creating a carbon-neutral pilot line for the cement industry. In addition, the Group continuously promoted the implementation of cooperative projects such as 3D printing, functional coatings, new-type wall materials and high-quality utilization of waste pulp, so as to promote high-quality corporate development.

In 2023, the Group actively positioned itself in new industries and seized new pathways by launching relevant research on silicon-based materials, basalt materials, battery materials for energy storage, perovskite solar cells and aerogel materials to provide technological support for enterprise transformation and upgrade.

In 2023, the Group executed the following four measures to create an innovation paradigm that coordinated efforts between training of scientific and technological talents, platform construction, intellectual property management and construction of innovation culture. First, the Group continued to promote training of scientific and technological talents. In December 2023, the monograph "Theoretical and Practical Exploration of Carbon Neutrality in the Cement Industry" compiled by Tao Congxi, the Group's chief expert, was published by the Wuhan University of Technology Press. Second, the Group strengthened external cooperation and accelerated the construction of a high-level research and development platform. In June 2023, the Group established the Engineered Stone Technology and Engineering Innovation Center of China Concrete and Cement Products Association (provincial and ministerial-level platform). In August 2023, China Resources Cement Technology Research and Development (Guangxi) Co., Ltd. was successfully approved as a post-doctoral innovation practical production plant (research and development talent training platform). Third, the Group attached importance to intellectual property protection. The Group thoroughly implemented the "Intellectual Property Management Measures of China Resources Building Materials Technology Holdings Limited (2023 Edition)" and the "Patent Management Measures of China Resources Building Materials Technology Holdings Limited" to strengthen the protection of intellectual property achievements and the management of property rights ownership. As at 31 December 2023, the Company held a total of 323 valid patents, including 60 invention patents and 263 utility model patents. In 2023, 32 new authorized patents were added, the number of authorized patents increased by 11.0% compared with last year, and the number of new article submissions was 34. Fourth, the Group constructed innovative culture. In July 2023, the Group successfully held the second Science and Technology Innovation Forum, invited academics from the Chinese Academy of Sciences, university professors and industry experts to participate in the forum and deliver special academic reports. In July 2023, the Group held the eighth "Runfeng Cup" Innovation Competition.

In addition, in order to provide security for policies of scientific and technological innovation, during the year, the Group established and improved its scientific and technological innovation management policies, and had revised and issued policies such as the "Measures for the Recognition of Scientific and Technological Talents of China Resources Building Materials Technology Holdings Limited".

EMPLOYEES

GENERAL INFORMATION

As at 31 December 2023, the Group employed a total of 17,939 employees, all of whom are were full-time, among whom, 343 were based in Hong Kong and the remaining 17,596 were based in the Chinese Mainland (19,046, 344, 18,702 respectively as at 31 December 2022). A breakdown of our employees by function is set out as follows:

	As at 31 December	
	2023	2022
Management	**481**	472
Finance, administration and others	**2,381**	2,486
Production staff	**9,973**	10,941
Technical staff	**4,408**	4,426
Sales and marketing staff	**696**	721
Total	**17,939**	19,046

Among our 481 senior and middle-level managerial staff, 86% are male and 14% are female, 84% possess university degrees or above, 14% have received post-secondary education and the average age of managerial staff is approximately 47 (472, 87%, 13%, 83%, 16%, 47 respectively as at 31 December 2022).

The Group has established a remuneration allocation mechanism based on job value and combined with performance contribution, personal ability and talent development.

REVIEW OF OPERATIONS

The Group had adopted RMB as the presentation currency of the Group retrospectively, and the first set of consolidated financial statements of the Group with RMB as its presentation currency was the consolidated financial statements of the Group for the year ended 31 December 2023. The comparative figures for 2022 in the consolidated financial statements of the Group for the year ended 31 December 2023 had been restated in RMB, which resulted in the restatement of certain comparative figures for 2022 in this section.

Taking into account that the Group's major business and assets are located in Chinese Mainland and are denominated and settled in RMB, the Board considered that such change shall provide more reliable and more relevant accounting information, which enables the shareholders and potential investors of the Company to have a more accurate understanding of the Group's financial results.

Turnover

The consolidated turnover for the year ended 31 December 2023 amounted to RMB25,549.6 million, representing a decrease of 12.9% from RMB29,332.4 million (Restated) for the last year. An analysis of segmental turnover by product is as follows:

	2023			2022		
	Sales volume	**Average selling price**	**Turnover**	Sales volume	Average selling price	Turnover
	'000 tons/m³	***RMB per ton/m³***	***RMB'000***	*'000 tons/m³*	*RMB per ton/m³ (Restated)*	*RMB'000 (Restated)*
Cement *(note)*	**66,728**	**273.9**	**18,276,749**	72,110	308.4	22,238,141
Clinker	**2,573**	**236.7**	**608,943**	2,929	302.8	886,798
Concrete	**9,334**	**366.7**	**3,423,245**	10,805	419.9	4,537,226
Aggregates	**45,583**	**35.4**	**1,615,868**	15,119	36.7	555,600
Others			**1,624,843**			1,114,670
Total			**25,549,648**			29,332,435

note: Inclusive of sales volume of 4.2 million tons of cement from related parties (4.0 million tons in 2022).

In 2023, our external sales volume of cement, clinker, concrete and aggregates decreased by 5.4 million tons, decreased by 0.4 million tons, decreased by 1.5 million m^3 and increased by 30.5 million tons, representing a decrease of 7.5%, a decrease of 12.2%, a decrease of 13.6% and an increase of 201.5% respectively over 2022. During the year, approximately 83.3% of the cement products we sold were 42.5 or higher grades (83.6% in 2022) and approximately 28.7% were sold in bags (27.7% in 2022). Internal sales volume of cement for our concrete production was 1.9 million tons (1.9 million tons in 2022), representing 2.7% of the total volume of cement sold (2.6% in 2022).

Our cement sales by geographical areas in 2023 were as follows:

Province/ Autonomous Region	**2023** Sales volume *'000 tons*	Average selling price *RMB per ton*	Turnover *RMB'000*	2022 Sales volume *'000 tons*	Average selling price *RMB per ton (Restated)*	Turnover *RMB'000 (Restated)*
Guangdong	**30,605**	**287.5**	**8,797,920**	31,086	325.2	10,107,824
Guangxi	**17,603**	**254.7**	**4,484,245**	20,954	282.8	5,926,390
Fujian	**8,231**	**249.7**	**2,055,684**	8,787	286.0	2,512,900
Hainan	**2,443**	**358.7**	**876,285**	3,153	394.8	1,244,882
Yunnan	**3,224**	**293.5**	**946,194**	3,183	319.3	1,016,300
Guizhou	**2,387**	**241.8**	**577,253**	2,338	276.6	646,704
Shanxi	**1,333**	**238.5**	**317,911**	1,704	316.2	538,737
Hunan	**902**	**245.3**	**221,257**	905	270.1	244,404
Total	**66,728**	**273.9**	**18,276,749**	72,110	308.4	22,238,141

The average selling prices of cement, clinker, concrete and aggregates in 2023 were RMB273.9 per ton, RMB236.7 per ton, RMB366.7 per m^3 and RMB35.4 per ton respectively, representing decreases of 11.2%, 21.8%, 12.7% and 3.5% respectively from 2022 (Restated). The decreases in selling prices of the Group's products were mainly attributable to the slowdown of economic growth and construction activities in China.

Costs of Sales

The cost of sales of cement products of the Group (exclusive of cement sales from related parties) comprised coal, electricity, materials and other costs, which represented 40.6%, 12.9%, 20.2% and 26.3% of their costs respectively for the year (43.2%, 11.6%, 20.7% and 24.5% in 2022 (Restated) respectively). Materials cost is the major component of the cost of sales of concrete, representing 74.2% of the cost of sales of concrete for the year (77.1% in 2022 (Restated)).

The average price of coal we purchased in 2023 was approximately RMB929 per ton, representing a decrease of 12.7% from the average price of RMB1,064 per ton in 2022 (Restated), while the average thermal value of coal increased by 0.9% to 5,240 kcal per kg. During the year, our unit coal consumption decreased to 132.0 kg per ton of clinker produced from the average of 138.8 kg in 2022. Our standard coal consumption decreased to 98.2 kg per ton of clinker for the year from the average of 102.5 kg in 2022. As a result of the decrease in coal price, our average coal cost for the year decreased by 16.9% to RMB122.6 per ton of clinker produced from RMB147.6 in 2022 (Restated).

Our average electricity cost increased by 3.7% from RMB29.9 (Restated) per ton of cement to RMB31.0 for the year. Our electricity consumption was 70.9 kwh per ton of cement for the year (71.3 kwh in 2022). Our residual heat recovery generators generated 1,464.7 million kwh of electricity for the year, representing a decrease of 9.4% over 1,617.3 million kwh in 2022. The electricity generated in 2023 accounted for approximately 28.9% of our required electricity consumption (30.9% in 2022) and we achieved a cost saving of approximately RMB744.3 million for the year (RMB810.0 million in 2022 (Restated)).

Other costs mainly comprised staff cost, transportation cost, depreciation, and repairs and maintenance cost. Repairs and maintenance cost included in the cost of sales of cement products for the year was RMB609.8 million, representing a decrease of 33.1% from RMB911.0 million in 2022 (Restated).

Gross Profit and Gross Margin

The consolidated gross profit for 2023 was RMB3,762.0 million, representing a decrease of 18.5% from RMB4,616.3 million for 2022 (Restated) and the consolidated gross margin was 14.7%, representing a decrease of 1.0 percentage points from 15.7% for 2022 (Restated). The decreases in consolidated gross profit and consolidated gross margin for the year were mainly attributable to the general decrease in selling prices of the Group's products. The gross margins of cement, clinker, concrete and aggregates for 2023 were 12.0%, 5.3%, 11.9% and 54.3%, as compared with 15.5%, 17.4%, 12.7% and 55.4% respectively for 2022 (Restated).

Other Income

Other income for 2023 was RMB571.8 million, representing a decrease of 0.5% from RMB574.5 million for 2022 (Restated).

Selling and Distribution Expenses

Selling and distribution expenses for 2023 were RMB506.2 million, representing an increase of 11.2% from RMB455.3 million for 2022 (Restated). As a percentage to consolidated turnover, selling and distribution expenses for the year increased to 2.0% from 1.6% for 2022 (Restated).

General and Administrative Expenses

General and administrative expenses for 2023 were RMB2,322.1 million, representing a decrease of 4.9% from RMB2,440.7 million for 2022 (Restated). As a percentage to consolidated turnover, general and administrative expenses increased to 9.1% for 2023 from 8.3% for 2022 (Restated).

Share of Results of Associates

The associates of the Group contributed a loss of RMB101.5 million for the year (a profit of RMB15.2 million in 2022 (Restated)) of which a profit of RMB35.5 million, a loss of RMB74.0 million, a loss of RMB45.1 million and a profit of RMB8.3 million (a profit of RMB142.8 million, a loss of RMB35.2 million, a loss of RMB78.0 million and a loss of RMB4.4 million in 2022 (Restated)) were attributable to the Group's associates operating in Inner Mongolia, Fujian, Yunnan and Guangdong respectively.

Share of Results of Joint Ventures

The joint ventures of the Group contributed a profit of RMB46.6 million for the year (loss of RMB60.8 million in 2022 (Restated)).

Taxation

The effective tax rate of the Group for 2023 was 32.3%, as compared with 18.2% for 2022 (Restated). Had the effect of the results of associates and joint ventures, the exchange difference, as well as the withholding tax in the Chinese Mainland for dividends and the deferred tax on the intended distribution profits from subsidiaries in the Chinese Mainland to a holding company in Hong Kong been excluded, the effective tax rate of the Group for 2023 would be 29.0% (20.3% in 2022 (Restated)).

Net Margin

Net margin of the Group for 2023 was 2.4%, which was 2.9 percentage points lower than that of 5.3% for 2022 (Restated).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's sources of funding mainly included cash on hand, bank loans, loans from related parties, issue of equity securities and cash flows generated from operations.

As at 31 December 2023, the Group's cash and bank balances and pledged bank deposits included the following amounts:

	As at 31 December	
	2023	2022
	'000	*'000*
HK$	**185,521**	329,533
RMB	**2,888,053**	2,116,574
US$	**153**	172

Bank and other borrowings of the Group as at 31 December 2023 and 2022 were all unsecured, with breakdown as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Bank loans	**16,090,113**	14,146,376
Loans from related parties	**191,325**	532,996
	16,281,438	14,679,372

As at 31 December 2023, bank and other borrowings of the Group which carried interests at fixed and variable rates amounted to RMB3,184.3 million and RMB13,097.1 million respectively (RMB4,792.8 million and RMB9,886.6 million respectively as at 31 December 2022 (Restated)). These borrowings were denominated in the following currencies:

	As at 31 December	
	2023	2022
	'000	*'000*
HK$	**2,300,000**	2,300,000
RMB	**14,197,122**	12,624,846

As at 31 December 2023, the Group's unsecured banking facilities amounted to HK$2,300.0 million and RMB36,082.0 million, of which RMB22,076.2 million was unutilized and remained available for drawdown.

Under the terms of certain agreements for total banking facilities of HK$2,300.0 million equivalent with expiry dates in March 2025, China Resources (Holdings) Company Limited is required to hold not less than 35% of the issued share capital in the Company. Under the terms of certain agreements for the total banking facilities of HK$2,300.0 million equivalent, the net gearing ratio of the Company (calculated by dividing net borrowings by equity attributable to owners of the Company, and as may be adjusted to exclude certain non-tangible assets) shall not exceed 180%. The Group was in compliance with the above financial covenants as at 31 December 2023 and 31 December 2022.

The Group adopts robust and prudent treasury policies in financial management. Treasury management, financing and investment activities are all managed and monitored by the senior management of the Company, and all treasury activities of the Group are centralized. The Group regularly monitors its current and expected liquidity needs as well as compliance with bank loan agreements in order to maintain its sufficient cash reserves and flexibility in funding for meeting the Group's short-term and long-term liquidity needs.

The Group's business transactions were mainly carried out in HK$ and RMB. The Group's exposure to currency risk was attributable to the bank balances and debts which were denominated in currencies other than the functional currency of the entity to which these bank balances and debts were related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations. These will include hedging significant currency exposure and/or increasing the proportion of RMB-denominated borrowings of the Group should the higher interest costs be considered justifiable against the risk of exchange losses. The Group was not engaged in any hedging contract as at 31 December 2023 and 31 December 2022. As at 31 December 2023, non-RMB denominated debts accounted for 13% of the total debts of the Group (14% as at 31 December 2022).

The Group had net current liabilities of RMB3,289.7 million as at 31 December 2023. Taking into account the cash and bank balances, the unutilized banking facilities, the expected future internally generated funds, the new banking facilities and other sources of financing to be obtained, the Board is confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future.

CHARGES ON ASSETS

As at 31 Decemeber 2023, there was no charge on assets by the Group (Nil as at 31 December 2022).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had issued guarantees to banks in respect of banking facilities in the amount of RMB2,747.5 million (RMB2,109.2 million as at 31 December 2022) granted to associates and joint venture, of which RMB1,826.7 million (RMB1,360.3 million as at 31 December 2022) had been utilized.

FUTURE PLAN AND CAPITAL EXPENDITURE

Capital Expenditure

As at 31 December 2023, the outstanding capital expenditure for the Group's expansion plans to be invested was approximately RMB5,508.0 million. Total payments for capital expenditure of the Group are expected to be approximately RMB4,822.8 million in 2024, which will be financed by proceeds from borrowings and internally generated funds.

STRATEGIES AND PROSPECT

The Chinese government has proposed that the economic work in 2024 should continue to proceed with the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. It will be proactive in changing methods, adjusting structure, improving quality, and increasing efficiency to continue to consolidate the foundation for stability and improvement.

In terms of infrastructure construction, the Chinese government continued the issuance of large-scale special bonds and issued an additional RMB1 trillion special government bonds in the fourth quarter of 2023 to further provide financial support for infrastructure construction. The special government bonds are all arranged for local use through transfer payments and gives priority to projects with urgent construction needs and clear investment results. This may effectively alleviate the debt pressure of local governments, create more physical workload, and assist investment in infrastructure projects.

In terms of real estate, the Chinese government adapts to the new trend of major changes to the supply and demand relationship in the real estate market. It proposed to adhere to city-specific policies, one city to one policy, and implement precise policies to meet needs for basic housing and housing to improve living conditions, optimize real estate policies, continue to perform well in ensuring the delivery of buildings, people's livelihood and stability, and properly handle risks of real estate companies to build a new model of real estate development and implement the construction of the “three major projects”. At the same time, the government will actively promote actions for urban renewal, such as strengthening the construction of accessible environments and aging-friendly renovations, vigorously promoting the transformation of urban underground pipe networks, and implementing projects to improve urban drainage and flood prevention capabilities. Since August 2023, under the tone of “major changes of the relationship between supply and demand”, a series of major easing policies have been implemented from the central to local governments, ranging from the supply side to the demand side. With the strong and orderly advancement of the construction of affordable housing, public infrastructure construction for “dual use in normal and emergency situations”, and urban village renovation projects, real estate-related investments and consumptions will be driven and the healthy development of the real estate market will be promoted.

The Chinese government continued to promote comprehensive rural revitalization and the construction of beautiful villages that are livable, work-friendly, and beautiful. The government will promote the construction of counties, towns and villages, carry out actions to make up for shortcomings in facility constructions, promote the construction of small towns, continue to implement actions for rural construction, and ensure the renovation of dilapidated rural buildings and the earthquake-resistant renovation of rural houses. With the goal of “rural areas basically equipped with modern living conditions”, the government will promote the improvement of facilities such as rural water, electricity, roads, gas, housing and communications, and gradually improve the completeness of rural infrastructure, convenience of public services, and comfortableness of living environment, which will effectively support the demand of building materials such as cement.

In terms of coordinated regional development strategy, 2024 is the year that marks the fifth anniversary of the release of the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area". The construction of the Greater Bay Area, with its new positioning of "one point, two places", has ushered in new opportunities. The Chinese government continued to promote the "hard connectivity" of infrastructure in the Greater Bay Area and build a "Greater Bay Area on Track". The Hong Kong government plans the issuance of bonds in the next five years in order to leverage market capital to promote the northern metropolitan area and other infrastructure projects. According to the "The Guangdong-Hong Kong-Macao Greater Bay Area Inter-city Railway Link Development Plan", it is targeted by 2025 that the length of railways networks in operation and under construction in the Greater Bay Area will reach 4,700 km and by 2035 that the length of railways networks in operation and under construction in the Greater Bay Area will reach 5,700 km with complete coverage on cities above the county level. The gradual advancement of regional development and construction such as the Greater Bay Area will support the regional demand for the building materials industry in the medium to long term.

2023 is the twentieth anniversary of the Company, and also the first year that "China Resources Cement" officially changed its name to "China Resources Building Materials Technology". Combining the major changes in the internal and external environment, the Group has revised and formed the new "Fourteenth Five-Year Plan" development strategy, with a business portfolio that focuses on the "4+1" businesses of cement, aggregates, concrete, engineered stone and new materials.

In 2024, the Group will accelerate the layout of strategic emerging industries, promote green development and launch innovative and entrepreneurial spirit in order to inject lasting impetus into the high-quality development of the enterprise. The Group will focus on the annual management theme of "strengthening the foundations and grasping upgrades, technological innovation promotes transformation", accelerate the pace of upgrading traditional industries and strengthening foundations to improve core competitiveness. The Group will increase investment in research and development, enable the green and intelligent industrial upgrade of traditional industries through technological innovation. The Group will unswervingly promote high-quality development, provide the public with high-quality products, services and systematic solutions, lead digital and intelligent transformation, achieve a long-term foundation, and build a world-class building materials technology enterprise.

CORPORATE GOVERNANCE

During the year, the Company has complied with the applicable code provisions set out in Part 2 of Appendix C1 of the Listing Rules (the "CG Code") except that, during the period from 1 January 2023 to 18 April 2023, the roles of chairman and chief executive should not be performed by the same individual in respect of code provision C.2.1 of the CG Code. As set forth in the Corporate Governance Report of the 2022 Annual Report of the Company, the Company has identified suitable candidate of the Chief Executive Officer with appropriate professional qualifications or relevant expertise, and announced on 18 April 2023 that Mr. JI Youhong ceased to act as the Chief Executive Officer and Mr. JING Shiqing has been appointed as the Chief Executive Officer and an executive Director. Hence, the Company has been in compliance with code provision C.2.1 of the CG Code since 18 April 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIVIDEND

The Board recommends the payment of final dividend of HK$0.006 per Share in cash for the year ended 31 December 2023 (2022: HK$0.009 per Share).

The Board declared an interim dividend of HK$0.041 per Share in cash for 2023 (2022: HK$0.12 per Share) and the total distribution for the year ended 31 December 2023 will be HK$0.047 per Share (2022: HK$0.129 per Share).

The final dividend will be payable in cash to each shareholder in HK$ by default. Shareholders will be given the option to elect to receive all or part of the final dividend in RMB, whose amount will be converted from RMB at the average benchmark exchange rate of HK$ to RMB as published by the People's Bank of China on the date of the annual general meeting, i.e. Friday, 24 May 2024. Procedures for electing to receive the final dividend in RMB will be set out in the Annual Report 2023 of the Company.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Friday, 24 May 2024, all share transfer documents accompanied by the relevant share certificates must be lodged not later than 4:30 p.m. on Monday, 20 May 2024 with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the final dividend will be distributed on or about Wednesday, 17 July 2024 to shareholders of the Company whose names appear on the register of members of the Company after the close of business of the Company at 4:30 p.m. on Friday, 31 May 2024 and the register of members of the Company will be closed from Monday, 3 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates shall be lodged not later than 4:30p.m. on Friday, 31 May 2024 with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

REVIEW OF ANNUAL REPORT

The annual report encompassing the consolidated financial statements for the year ended 31 December 2023 has been reviewed by the Audit Committee of the Company.

APPRECIATION

I would like to take this opportunity to thank the Directors, the management team and all employees for their contributions and hard work, which had contributed to the high-quality development of the Group's business. On behalf of the Board, I would also like to express our gratitude to shareholders, customers, suppliers, business partners and other stakeholders for their persistent trust and unfailing support to the Group.

By order of the Board
CHINA RESOURCES BUILDING MATERIALS TECHNOLOGY HOLDINGS LIMITED
JI Youhong
Chairman

Hong Kong, 15 March 2024

As at the date of this announcement and after the change of Directors, the executive Directors are Mr. JI Youhong and Mr. JING Shiqing; the non-executive Directors are Mr. ZHU Ping, Mr. YU Shutian, Mr. ZHOU Bo and Mr. YANG Changyi; and the independent non-executive Directors are Mr. IP Shu Kwan Stephen, Mr. SHEK Lai Him Abraham, Mr. NG Kam Wah Webster and Madam YAN Bilan.