

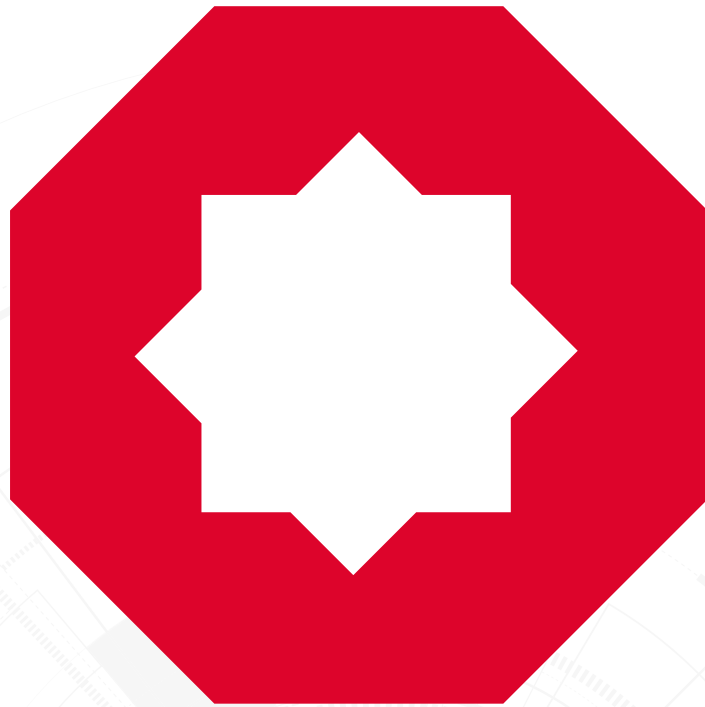
**CNBM**

China National Building Material Company Limited\*

(Stock Code: 03323)



Interim  
Report 2023



## **Corporate Vision**

**Build a world-class material enterprise,  
committed to value creation and shareholder return**

## **Corporate Mission**

**Better materials, better world**



## Contents

CORPORATE PROFILE .....	2
CORPORATE INFORMATION .....	3
SHAREHOLDING STRUCTURE OF THE GROUP .....	7
FINANCIAL HIGHLIGHTS .....	9
BUSINESS HIGHLIGHTS .....	11
MANAGEMENT DISCUSSION AND ANALYSIS .....	14
SIGNIFICANT EVENTS .....	35
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION .....	56
DEFINITIONS .....	127

# Corporate Profile

With Parent, BNBMG, CNBM Trading, Cinda and Building Materials Academy as Promoters, the Company was converted into a joint stock limited company on 28 March 2005. The Company's H Shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code:03323) and approximately 150 million H Shares, 300 million H Shares and 240 million H Shares were placed on 9 August 2007, 5 February 2009 and 14 September 2010, respectively. The Company issued bonus shares on 13 June 2011 on the basis of ten bonus shares to be issued for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed the share exchange. As of 30 June 2023, the Company has a total issued share capital of 8,434,770,662 Shares.

The Group is mainly engaged in basic building materials, new materials and engineering technical services businesses. As regards the current market positions (in terms of the production capacity or contract amount on 30 June 2023), the Group is:

- the largest cement producer in the world;
- the largest commercial concrete producer in the world;
- the largest glass fiber producer in the world;
- the largest electronic fabrics producer in the world;
- the largest gypsum board producer in the world;
- the largest light steel stud producer in the world;
- the largest wind power blade producer in the world;
- the largest cement technical equipment engineering system integration service provider in the world.

# Corporate Information

## DIRECTORS:

### Executive Directors

Zhou Yuxian (*Chairman*)

Wei Rushan (*President*)

Liu Yan

Xiao Jiayang

Wang Bing

### Non-executive Directors

Li Xinhua

Chang Zhangli

Wang Yumeng

Shen Yungang

Fan Xiaoyan

### Independent Non-executive Directors

Sun Yanjun

Liu Jianwen

Zhou Fangsheng

Li Jun

Xia Xue

## STRATEGIC STEERING COMMITTEE:

Zhou Yuxian (*Chairman*)

Li Xinhua

Wei Rushan

Zhou Fangsheng

## NOMINATION COMMITTEE:

Zhou Yuxian (*Chairman*)

Sun Yanjun

Liu Jianwen

# Corporate Information (Continued)

## REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE:

Zhou Fangsheng (*Chairman*)

Sun Yanjun

Zhou Yuxian

## AUDIT COMMITTEE:

Li Jun (*Chairman*)

Liu Jianwen

Xia Xue

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE:

Zhou Yuxian (*Chairman*)

Li Jun

Xia Xue

## SUPERVISORS:

### Shareholder Supervisor

Qu Xiaoli

Zhang Jianfeng

### Independent Supervisor

Li Xuan

Wei Jianguo

### Staff Representative Supervisor

Yu Yuehua

Zeng Xuan

Du Guangyuan

*Note:* The supervisory committee of the Company received the written resignation of Ms. Zhan Yanjing on 10 July 2023. Ms. Zhan shall resign from the position of a shareholder representative supervisor of the Company and the chairman of the Supervisory Committee due to retirement. The resignation of Ms. Zhan took effect upon the Supervisory Committee has been served with her resignation report.

## Corporate Information (Continued)

<b>Secretary of the Board</b>	:	Pei Hongyan
<b>Joint Company Secretaries</b>	:	Pei Hongyan Lee Mei Yi (FCG, HKFCG)
<b>Authorised Representatives</b>	:	Zhou Yuxian Pei Hongyan
<b>Alternate Authorised Representative</b>	:	Lee Mei Yi (FCG, HKFCG)
<b>Qualified Accountant</b>	:	Pei Hongyan (FCCA)
<b>Registered Address</b>	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
<b>Principal Place of Business:</b>		21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
<b>Postal Code</b>	:	100036
<b>Place of Representative Office in Hong Kong</b>	:	5/F, Manulife Place 348 Kwun Tong Road, Kowloon Hong Kong The PRC
<b>Principal Bankers</b>	:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation

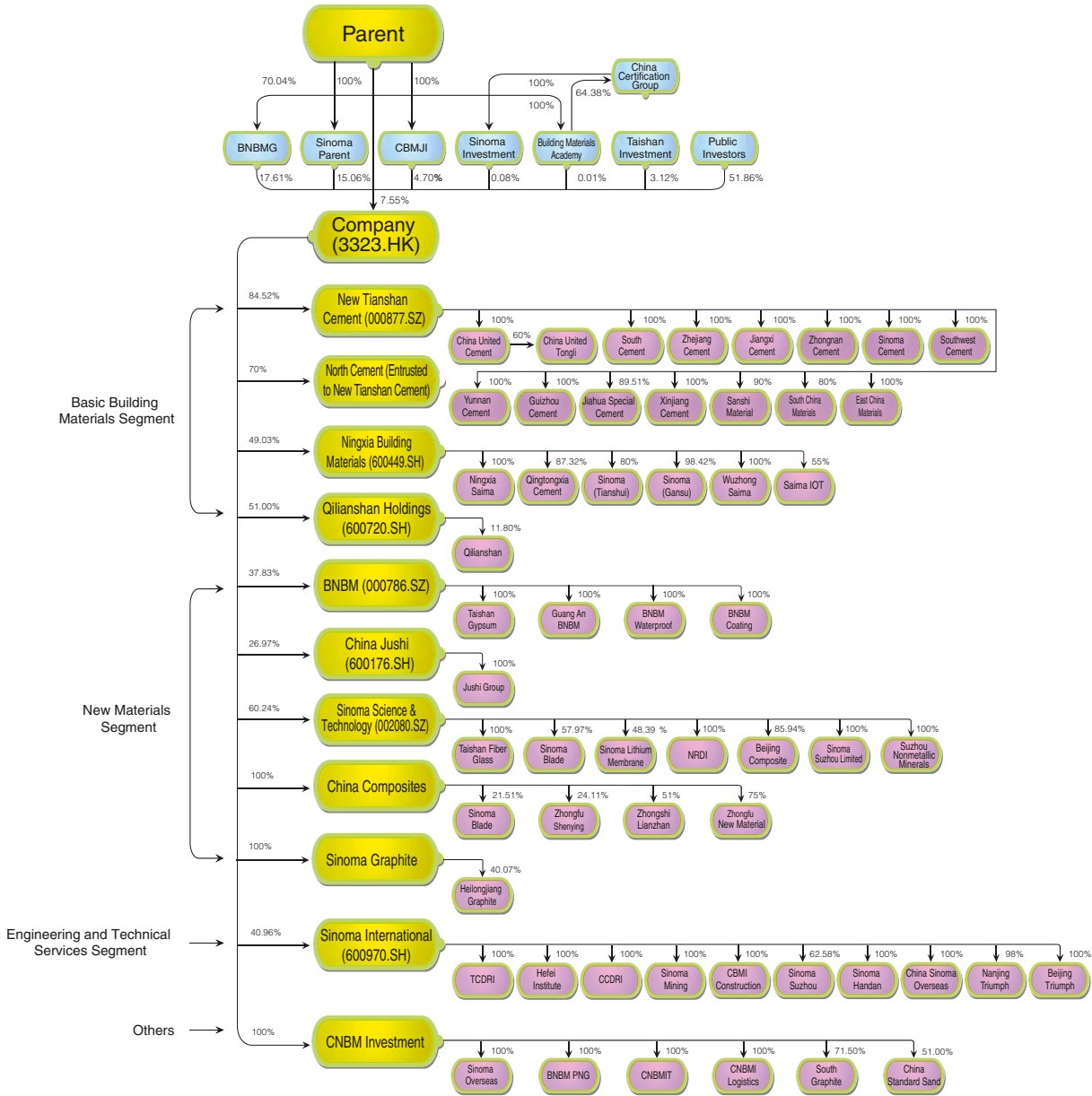
## Corporate Information (Continued)

<b>PRC Legal Adviser</b>	:	Jia Yuan Law Offices F408 Ocean Plaza 158 Fuxing Men Nei Street Xicheng District, Beijing The PRC
<b>Hong Kong Legal Advisers</b>	:	Slaughter and May 47th Floor, Jardine House 1 Connaught Place Central Hong Kong The PRC  DLA Piper Hong Kong 25/F Three Exchange Square 8 Connaught Place Central Hong Kong The PRC
<b>International Auditor (Registered PIE Auditor)</b>	:	Moore Stephens CPA Limited
<b>Domestic Auditor</b>	:	Da Hua Certified Public Accountants (Special General Partnership)
<b>H Share Registrar in Hong Kong</b>	:	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong The PRC
<b>Stock Code</b>	:	03323
<b>Company Websites</b>	:	<a href="http://www.cnbm.ltd.com">http://www.cnbm.ltd.com</a>



# Shareholding Structure of the Group

The simplified structure of the Group as of 30 June 2023 is set out below:



## Shareholding Structure of the Group (Continued)

### Notes:

1. The aforementioned percentages are rounded to 2 decimal places. Due to rounding, the total percentage of shareholdings may be discrepant with the total amount.
2. As of 30 June 2023, the Parent directly and indirectly held 3,797,269,981 shares of the Company (including 3,613,305,981 Domestic Shares and 183,964,000 H Shares), accounting approximately 45.0192% of the total number of issued shares of the Company. Of which: the Parent directly held 8,536,000 H Shares of the Company, accounting for 0.10% of the total share capital of the Company; indirectly held 6,800,000 H Shares of the Company through its wholly-owned subsidiary Building Materials Academy, accounting for 0.08% of the total share capital of the Company; During the period from June 2022 to May 2023, the Parent increased its shareholding of H Shares of the Company by 168,628,000 shares through CBMJ (a wholly-owned subsidiary of the Parent), accounting for 1.9992% of the Company's total share capital of the Company. After the completion of increase in shareholdings, CBMJ aggregately held 396,347,530 H Shares of the Company, accounting for 4.7% of the total share capital of the Company.
3. As of 30 June 2023, Building Materials Academy directly and indirectly held a total of 68.54% of the equity interest of China Certification Group, of which 64.38% of the equity interest was directly held by Building Materials Academy, and 4.16% of the equity interest was indirectly held by Building Materials Academy through its certain wholly-owned subsidiaries.
4. The Company directly held 14.93% equity interest of Qilianshan. In addition, the Company indirectly held 11.80% equity interest in Qilianshan through Qilianshan Holdings.
5. On 9 June 2023, Sinoma Science & Technology entered into certain equity transfer and loan transfer agreements with China Composites and other parties, pursuant to which Sinoma Blade, a wholly owned subsidiary of Sinoma Science & Technology, acquired 100% equity interest of Zhongfu Lianzhong by way of issue of new equity interests and cash payment and conducted capital increase and share expansion. The asset delivery was completed on 30 June 2023. Sinoma Science & Technology and Zhongfu Lianzhong became a wholly owned subsidiary of Sinoma Blades. Sinoma Science & Technology, China Composites, and other related parties held 57.97%, 21.51%, and 20.52% equity interest of Sinoma Blades, respectively.
6. On 26 August 2022, Sinoma International and Building Materials Academy entered into an asset purchase agreement, pursuant to which Sinoma International acquired 100% equity interest of Hefei Institute by issuing shares to Building Materials Academy. The asset delivery was completed on 28 February 2023 and Hefei Institute has become a wholly owned subsidiary of Sinoma International. The total share capital of Sinoma International was changed to 2,632,510,170 shares. The Company's shareholding in Sinoma International was reduced from 47.77% to 41.12%. On 10 April 2023, Sinoma International completed the registration for the reserved grant under the 2021 restricted stock incentive plan and increased 9,807,253 new shares. The total share capital of Sinoma International was changed to 2,642,317,423 shares. The Company's shareholding in Sinoma International was reduced from 41.12% reduced to 40.96%.

# Financial Highlights

The financial highlights of the Group in 30 June 2023 and 30 June 2022 are summarized as follows:

	For the six months ended 30 June		Growth rate
	2023 (unaudited) <i>(RMB in thousands)</i>	2022 (restated) (unaudited)	
Revenue	<b>102,373,896</b>	111,883,503	<b>-8.5%</b>
Gross profit	<b>17,605,228</b>	21,648,847	<b>-18.7%</b>
Profit after tax	<b>4,413,964</b>	9,953,233	<b>-55.7%</b>
Profit attributable to equity holders of the Company	<b>1,404,107</b>	5,593,583	<b>-74.9%</b>
Distribution made to the equity holders of the Company	<b>3,188,343</b>	5,845,296	<b>-45.5%</b>
Earnings per share-basic <i>(RMB)</i> <sup>(1)</sup>	<b>0.166</b>	0.663	<b>-74.9%</b>
Earnings before interest, taxes, depreciation and amortisation	<b>15,929,144</b>	22,218,135	<b>-28.3%</b>

Note:

- (1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares for the six months ended 30 June 2023 and for the six months ended 30 June 2022.

## Financial Highlights (Continued)

	<b>As at</b> <b>30 June 2023</b> <b>(unaudited)</b> <i>(RMB in thousands)</i>	As at 31 December 2022 (restated) (unaudited)	Growth rate
Total assets	<b>503,614,695</b>	489,343,500	2.9%
Total liabilities	<b>309,573,386</b>	293,355,578	5.5%
Net assets	<b>194,041,309</b>	195,987,922	-1.0%
Non-controlling interests	<b>73,392,691</b>	72,838,844	0.8%
Equity attributable to equity holders of the Company	<b>105,140,096</b>	107,328,667	-2.0%
Net assets per share-weighted average <i>(RMB)<sup>(1)</sup></i>	<b>12.47</b>	12.72	-2.0%
Debt to assets ratio <sup>(2)</sup>	<b>38.4%</b>	35.6%	Increased by 2.8 percentage points
Net debt ratio <sup>(3)</sup>	<b>82.9%</b>	75.1%	Increased by 7.8 percentage points

*Notes:*

- (1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 in 2022 and for the six months ended 30 June 2023.
- (2) Debt to assets ratio = total borrowings/total assets x 100%.
- (3) Net debt ratio = (total borrowings – bank balances and cash)/net assets x 100%.

# Business Highlights

The major operating data of each segment of the Group for the six months ended 30 June 2023 and 30 June 2022 are set out below:

## BASIC BUILDING MATERIALS SEGMENT

	For the six months ended		
	30 June		Growth rate
	2023	2022	
Sales volume – cement ( <i>in thousand tonnes</i> )	<b>126,795</b>	127,965	-0.9%
Sales volume – clinker ( <i>in thousand tonnes</i> )	<b>15,380</b>	18,034	-14.7%
Total sales volume of cement and clinker ( <i>in thousand tonnes</i> )	<b>142,176</b>	145,998	-2.6%
Average selling price – cement ( <i>RMB per tonne</i> )	<b>301.5</b>	355.2	-15.1%
Average selling price – clinker ( <i>RMB per tonne</i> )	<b>268.0</b>	332.5	-19.4%
Average selling price of cement and clinker ( <i>RMB per tonne</i> )	<b>297.9</b>	352.4	-15.5%
Sales volume – commercial concrete ( <i>in thousand m<sup>3</sup></i> )	<b>35,647</b>	39,456	-9.7%
Average selling price – commercial concrete ( <i>RMB per m<sup>3</sup></i> )	<b>384.3</b>	448.1	-14.2%
Sales volume – aggregate ( <i>in thousand tonnes</i> )	<b>69,303</b>	58,083	19.3%
Average selling price – aggregate ( <i>RMB per tonne</i> )	<b>38.9</b>	44.3	-12.2%

# Business Highlights (Continued)

## NEW MATERIALS SEGMENT

	For the six months ended		
	2023	2022	Growth rate
<b>Gypsum board</b>			
Sales volume ( <i>in million m<sup>2</sup></i> )	1,092.2	1,091.7	0.0%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	6.25	6.30	-0.8%
<b>Glass fiber yarn</b>			
Sales volume ( <i>in thousand tonnes</i> )	1,683	1,406	19.7%
Average selling price ( <i>RMB per tonne</i> )	4,963	6,939	-28.5%
<b>Wind power blade</b>			
Sales volume ( <i>MW</i> )	9,596	7,535	27.4%
Average selling price ( <i>RMB per MW</i> )	447,765	484,863	-7.7%
<b>Lithium battery separator</b>			
Sales volume ( <i>in million m<sup>2</sup></i> )	707.6	496.7	42.5%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	1.42	1.45	-2.0%
<b>Waterproofing membrane</b>			
Sales volume ( <i>in million m<sup>2</sup></i> )	82.8	73.5	12.7%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	15.59	16.10	-3.2%
<b>Carbon fiber</b>			
Sales volume ( <i>in thousand tonnes</i> )	6.22	3.89	59.9%
Average selling price ( <i>RMB per tonne</i> )	168,407	220,027	-23.5%

## Business Highlights (Continued)

### ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the six months ended		
	30 June		
	2023	2022	Growth rate
Engineering service income ( <i>RMB in millions</i> )	20,235.8	20,491.1	-1.2%

# Management Discussion and Analysis

## BUSINESS OVERVIEW

The business segments and the major operating entities of each business segment for the Group as of 30 June 2023 are summarized as follows:

<b>Business segments</b>	<b>Major operating entities</b>	<b>Direct and indirect equity interests attributable to the Company</b>	<b>Major products and services</b>
Basic building materials	New Tianshan Cement	84.52%	Cement, Commercial concrete, Aggregate
	Ningxia Building Materials	49.03%	Cement, Commercial concrete, Aggregate, Digital logistics
	Qilianshan	26.73%	Cement, Commercial concrete, Aggregate
New materials	BNBM	37.83%	Gypsum board, Stud, Waterproof system, Coating
	China Jushi	26.97%	Glass fiber and related products, electronic fabrics
	Sinoma Science & Technology	60.24%	Glass fiber and related products, electronic fabrics, Wind power blade, Lithium battery separator, Hydrogen energy storage and transportation equipment
	China Composites CNBM Graphite	100% 100%	Wind power blade, Carbon fiber Graphite powder, graphite anode material
Engineering technical services	Sinoma International	40.96%	Cement and mining technical equipment and engineering services, Transportation and repairment
Others	CNBM Investment	100%	Overseas warehouse (including overseas chain stores) and Centralized procurement supply chain



# Management Discussion and Analysis (Continued)

Notes: China Composites holds 21.51% equity interest in Sinoma Blades and 24.11% equity interest in Zhongfu Shenyang.

## DEVELOPMENT ENVIRONMENT

In the first half of 2023, the economy and society fully resumed normalised operation, and the effect of the policy of stabilising growth, employment, and commodity price gradually became visible, with the overall national economy rebounding and improving, and the high-quality development being solidly promoted, laying a sound foundation for the realisation of the goals of economic and social development throughout the year. In the first half of 2023, the GDP increased by 5.5% year on year, indicating the strong resilience of economic development, the investment in fixed assets continued to grow, with a year-on-year increase of 3.8%, infrastructure investment increased by 7.2% year on year, providing important support for demand, while real estate investment was still at the bottom of adjustment, decreased by 7.9% year on year.

With the acceleration of global green transformation, the Central Committee for Deepening Overall Reform passed the “Opinions on Promoting the Gradual Shift from Dual-control of Energy Consumption to Dual-control of Carbon Emission” to promote the gradual transition from dual-control of energy consumption to dual-control of carbon emission. The ecological civilisation of China has entered a crucial period in which carbon reduction has become the key strategic direction, bringing new development opportunities and challenges for the industry’s transformation and upgrading.

## OPERATION IN THE FIRST HALF OF 2023

The Group proactively responded to the complicated and severe situation on both domestic and international fronts, promoted high-quality development despite difficulties, demonstrated strong resilience by deploying production and operation, deepening reforms, Party building, among other tasks and achieved new progress and new results in accelerating the construction of a modernised industrial system, implementing the new development concept, and servicing the construction of a new pattern of development.

### Basic building materials segment

Basic building materials presented “weakening demand, high-inventory and low-price level, and declining profits” characteristics of the operation. In the first half of 2023, the national cement output was 953 million tons. The industry proactively increases the efforts of supply-side structural reform, however, the contradiction of overcapacity is still severe. Although the price of coal continues to decline, and the cost pressure has been alleviated, it is unable to offset the decline in cement prices, as a result, profitability has been suppressed, with total industry-wide profit of RMB16.5 billion, representing a year-on-year decrease of 60%.

# Management Discussion and Analysis (Continued)

## OPERATION IN THE FIRST HALF OF 2023 (CONTINUED)

### Basic building materials segment (Continued)

In the face of the severe situation, the Group adhered to the goal-oriented approach and forged ahead under pressure, while remaining stable and resilient. The Group continues to promote the construction of industry ecosystem, deepen the supply-side structural reform, and strengthen the accurate and rigid peak staggering. Also, the Group adhered to “Management of Three Delicacies”, made every effort to reduce costs and enhance effectiveness, strengthened the refined management and control of costs and expenses, optimised the supply of raw coal, and increased the ratio of centralised coal procurement. Focusing on management innovation, a mechanism of mutual assistance and improvement was established among the regional companies of New Tianshan. Meanwhile, the construction of aggregate projects was steadily promoted, the optimisation of the layout of special cement was accelerated, and the refined management of commercial concrete mixing was developed and enhanced. Focusing on integration by specialisation, the Ningxia Building Materials Project and Qilianshan Project have achieved gradual progress.

### New materials segment

#### *Glass fiber*

Glass fiber industry shows “strong expectations, weak reality” characteristics. Although the degree of prosperity of wind power and other applications areas has improved, the overall demand is still running weak. The momentum of supply shock is diminishing, and the cost pressure is alleviated by the impact of energy and other prices declining.

The Group actively responded to the market, strengthened differentiated marketing, proactively adjusted the structure, expanded the market, increased the proportion of sales of high value-added products, and achieved record high sales volume. Promoting project construction, the first production line of the intelligent manufacturing base of Jushi Jiujiang Company was successfully activated, creating the fastest and best record of ultra-large-sized glass fiber furnace production. Focusing on zero-carbon intelligent manufacturing, China Jushi built the world’s first glass fiber zero-carbon intelligent manufacturing base, and the first phase of Huai’an Lianshui Base project was fully launched. To promote digital transformation, Taishan Fiber Glass plans to build the world’s first glass fiber industry “Lighthouse Factory” in Taiyuan, realising highly efficient and green production process and informatisation and digitisation of the management process, and China Jushi “Future Factory” innovatively applies technologies such as big data, AI, etc. The Group strengthened its lean management and continued to promote the “improving efficiency, cutting expenditures and reducing costs” practice.

#### *Gypsum board*

The supply of gypsum board industry is stable, but affected by the weak operation of the real estate market, the demand is insufficient and the operation of the industry is under pressure.

# Management Discussion and Analysis (Continued)

## OPERATION IN THE FIRST HALF OF 2023 (CONTINUED)

### New materials segment (Continued)

#### *Gypsum board (Continued)*

BNBM externally built up the business philosophy of “PCP”, stabilising the price and expanding the volume, orderly promoted four changes of “from office decoration to home decoration, from city to county, from baseboard to panel, and from products to services”; newly established Home Decoration Department, “Gypsum Board +” Customized Business Department and Powder & Mortar Department to expand and enrich new product categories and adjust and optimize the product structure, and accelerated the transformation of industrial products into consumer building materials manufacturing service providers to promote the dual-growth of revenue and profit in the integrated business; accelerated the progress of internationalization, achieving dual-growth of revenue and profit in BNBM Tanzania, with a trial production of 40 million square meters of production line in Uzbekistan, and a comprehensive commencement of the project in Thailand.

#### *Wind power blade*

Wind power was included in “the 14th Five-Year Plan for Modern Energy System”. Wind power installation tender scale growth is noticeable, offshore wind power has embraced a new opportunity, high-power wind power machine and large blades have become a trend, bringing a new demand growth cycle of wind power blades. Influenced by the downward trend of tender price, the development cost driver of new products has become more prominent, and the existing products have been reducing cost and iterating.

The Group completed the integration of wind power blade business between Zhongfu Lianzhong and Sinoma Blade, creating a synergistic and efficient professional development platform and solidifying its leading position in the industry. The Group grasped strategic customers and increased the proportion of large-scale products, successfully completed the offshore lifting and installation of the world’s longest 123-meter wind power blade, successfully connected the world’s first 16 MW ultra-large-capacity offshore wind turbine to the grid, and the largest rotor sail successfully set sail, forming a new growth point in profitability. The Group promoted the construction of supply channels and cost reduction in procurement, resulting in a significant decrease in unit cost. Also, the Group accelerated the construction of the industrial layout, with Yiwu and Yulin bases having completed trial production, Yangjiang base in the process of commissioning, and the overseas project in Brazil progressing smoothly.

#### *Lithium battery separator*

Despite the slowdown in the growth rate of demand for lithium batteries due to changes in the international condition and price fluctuations in upstream of the industrial chain, the growth rate remains high under the driving force of the dual engines for energy storage new energy automobiles, and the competitive pattern of the three pillars of lithium battery separator industry has basically been stabilised.

# Management Discussion and Analysis (Continued)

## OPERATION IN THE FIRST HALF OF 2023 (CONTINUED)

### New materials segment (Continued)

#### *Lithium battery separator (Continued)*

Sinoma Lithium Membrane actively promoted strategic cooperation with major customers, adhered to the “3+3” customer strategy, actively strengthened the domestic market and opened up the international market, continuously improved the A-grade rate, closely followed the customer’s production scheduling pace, and enhanced the ability to deliver flexibly. It continued to promote the research and development of key core technologies, by which successfully developed various new products, made significant progress in the domestic production of raw materials, and realised the domestic substitution of PVDF, the raw material for coating; promoted the rapid layout of production capacity, and made great efforts to accelerate the completion and operation of the 5 major billion square meter base projects under construction.

#### *Carbon Fiber*

The increment in the demand for carbon fiber remains a steady growth rate with a wide market space. And as China’s carbon fiber technology level continues to grow improve, and production capacity continues to increase, domestic substitution rate continues to grow and market increment space are generated for leading enterprises.

The second phase of the Xining base of Zhongfu Shenying was put into full operation, and the construction of the Lianyungang Banqiao base has commenced, which further ensured the synergy of the industrial chain and the security of the supply chain; the product structure and marketing strategy were adjusted, and the sales policies such as product differentiation were formulated, so that the future incremental markets such as electronic 3C, bridges and automobiles were actively laid out based on the continuous growth of new energy; the breakthroughs in the T1100 products facilitated the domestic high-performance carbon fibers to compete with those of the world; and the world’s first dry jet wet spinning large yarn bundle was launched to the market, which promoted the technological upgrading of the performance and the reduction of cost.

#### *Waterproof System*

Although the waterproof industry was affected by the weak demand in the real estate market, on 1 April 2023, the implementation of the new regulations of the industry has brought incremental demand opportunities, with the head enterprises being the first to benefit with the optimization and upgrading of the product structure. The market concentration rose gradually.

In respect of the waterproof system of BNBM, the competitiveness was enhanced by “innovation + marketing”, and achieved a dual growth in income and net profit by prioritising the expansion of channels for high-quality customers and central state-owned enterprises and consolidating market advantages; the credit extension mechanism of “credit + billing period” was enhanced to promote the management and control of accounts receivable of “confirming rights + reconciliation”, the mechanism of clearing and collecting was activated to strengthen the management of accounts receivable and enhance the prevention of risks; and jointly developed differentiated products with Suzhou Waterproof Institute, optimised the performance of existing products, and promoted the upgrading of the equipment of the entire base.

# Management Discussion and Analysis (Continued)

## OPERATION IN THE FIRST HALF OF 2023 (CONTINUED)

### New materials segment (Continued)

#### *Graphite new materials*

The traditional graphite industry is affected by the terminal destocking, the overall demand is weakening, and the price is declining, but the new energy industry is in the stage of growth and has a considerable space for development.

We strengthened management optimisation, actively sought development breakthroughs, and deepened the construction of graphite new material specialisation platform. We implemented “three-refined” management, fully utilised our resources and brand advantages, stabilised the price and expanded the volume in the market, and reduced the cost and increased the effectiveness in the production side. We continued to improve our research and development and innovation capabilities, collaborated and made a breakthrough on zero-discharge technology for purification of wastewater, and strongly promoted the technological reform of spherical production line shaping. We continuously promoted project construction, accelerated the integration of the deep-processing industrial chain, and orderly prepared for intelligent and green fine powder projects.

#### *Hydrogen Energy Cylinders*

Hydrogen energy is gradually becoming one of the important vehicles for global energy transformation and development, demonstrating a wide range of development prospects, which brings opportunities for the development of hydrogen energy cylinders.

Sinoma Suzhou Limited continued to optimise the scientific and technological innovation system, commit to research and development on key core technologies, passed the experiment to obtain 70 MPa-IV hydrogen storage cylinders manufacturing license in one attempt, becoming the first company in China to master the technology in the product, with independent intellectual property rights and have automatic mass production capacity; accelerated the improvement of layout of the industry, with a 29% share of the market for hydrogen storage cylinders, the number of announcements of the automobile models accounted for 39%, achieving the “double first”.

#### *Coating*

Weak demand in the real estate market has brought challenges to the coatings industry, but intensified competition in the market has led to the differentiation of enterprises, and the top enterprises are still profitable.

BNBM accelerated the promotion of its coatings business to expand architectural coatings and strengthen industrial coatings. Constructing differentiation with architectural coatings, it adjusted its product structure to focus on functional and high value-added products; it has completed the transfer of 51% of the equity interest in Lighthouse Coatings, solidified the dominant position of industrial coatings, and further focused on wind power blades, industrial anticorrosion, high-end equipment and machinery and other sub-segments of the market to expand the field of application; “BNBM Coating” made a new breakthrough in brand building and was shortlisted as China’s Top 500 Most Valuable Brands for the first time.

# Management Discussion and Analysis (Continued)

## OPERATION IN THE FIRST HALF OF 2023 (CONTINUED)

### Engineering Technical Services Segment

The markets in Africa, the Middle East, Southeast Asia and Europe remain active, and the increases in new construction mainly come from the demand for infrastructure in countries along the “Belt and Road Initiatives”; the transformation and upgrading demand of the domestic cement industry in terms of green and low carbon, digital economy and intelligent manufacturing continues growing.

Sinoma International focused on the frontline and the market, signing new contracts of RMB40.6 billion, representing a year-on-year growth of 68%, of which overseas contracts increased significantly by 205%. It consolidated and enhanced its advantages in the engineering industry, fully leveraged Sinoma’s brand value and customer loyalty, and signed new engineering service contracts of RMB29.6 billion, representing a year-on-year increase of 103%. It completed the acquisition of 100% equity interest in Hefei Institute and established China Building Materials Equipment Group, and signed new equipment manufacturing contracts amounting to RMB3.9 billion, representing a year-on-year growth of 19%. It also strongly developed the operation and maintenance services, signing new operation and maintenance service contracts amounting to RMB6.3 billion, representing a year-on-year growth of 10%. 48 cement operation and maintenance production lines were in operation, with an annual service capacity of 88.06 million tons.

We strongly promoted the localisation of human resources, with 1,849 long-term foreign employees outside of China. In order to fully promote green and low-carbon transformation, Sinoma International has officially commenced the construction of the 200,000 ton per year CO<sub>2</sub> oxyfuel combustion enrichment and purification demonstration project of Qingzhou China United, which is under Sinoma International’s general contract.

## REFORM

The Group reinforced the achievements of the three-year action to deepen the reform and launched the construction of world-class enterprises in a comprehensive manner. The Group’s parent company was selected by the State-owned Assets Supervision and Administration Commission in the creation of a world-class model enterprise; China Jushi and Zhongfu Shenying were selected by the State-owned Assets Supervision and Administration Commission in the creation of a world-class professionally leading model enterprise; and New Tianshan Cement, Ningxia Building Materials, BNBM, Sinoma Science & Technology, Sinoma International were selected by the Group’s parent company in the creation of model grass-roots enterprises.

# Management Discussion and Analysis (Continued)

## REFORM (CONTINUED)

We further improved modern corporate governance featuring Chinese characteristics. We promoted the industrial platform to leverage the Board's right to manage the development strategy of the Company's main business and to make decisions on major business matters, and promoted the supervision of the board of directors of the grass-roots enterprises on the reduction of "2422" pressure and the prevention and control of business risks, so as to optimise the list of the three committees in a dynamic manner and apply it in a highly efficient manner.

The Group continued to deepen the reform of the market-oriented operation mechanism. The tenure system and contractual management of the management level have been implemented in a practical and detailed manner; as of the end of June 2023, the coverage rate of management personnel in respect of competition for posting, adjustment for bottom performers and withdrawal from incompetence reached 52.6%, with 202 persons withdrawn due to incompetence; the Group has promoted the enhancement of the quality and expansion of medium-term and long-term incentives, and has been actively promoting the acceleration of the implementation of the plan in the formulation of the plan, and the granting of Sinoma international reserved restricted shares has been completed. As of the date of this report, the Group's medium- and long-term incentives covered 101 companies and 2,461 individuals.

The Group continued to deepen the reform project, expanded and deepened the Technological Reform, Double Hundred enterprises, added China Standard Sand as a "Technological Reform Enterprise", and added Zhongfu Shenying and Sanshi Materials as "Double Hundred Enterprises". As of the date of this report, the Group has a total of 6 Double Hundred Enterprises and 5 Technology Reform Enterprises, and 4 of them, namely, Sinoma International, Hefei Institute, TCDRI and NRD, have been awarded the title of "Benchmark" or "Outstanding" in the special assessment conducted by the State-owned Assets Supervision and Administration Commission.

## SCIENCE AND TECHNOLOGY INNOVATION

The support for scientific and technological innovation has become more robust. We continued to improve the scientific and technological innovation system, explored the differentiated management of original technologies and industrialisation of innovative achievements, and made great efforts to promote the construction of 3 national-level innovation platforms. We accelerated the creation of a source of original technology, fully promoted the implementation of 13 projects of our parent company, and strived for the breakthrough of a batch of "bottleneck" technology in the direction of green low-carbon technology, high-performance fibers and composite materials, etc. We strengthened the in-depth integration of industry, academia and research, accelerated the transformation and application of a number of technological achievements, and promoted the in-depth integration of the industrial chain and innovation chain. In the first half of 2023, the Group formulated and revised 3 international standards and 13 national standards, and accumulated 218 high-tech enterprises with 14,000 effective patents, including 3,238 invention patents.

# Management Discussion and Analysis (Continued)

## DIGITAL TRANSFORMATION

The digital transformation has opened up a new era. The digital governance system is in a rudimentary form, with the Company and its parent company setting up a digital management center, New Tianshan establishing a digital department, and Ningxia Building Materials integrating its digital business. The pace of digitalisation and intelligent upgrading was accelerated, with 8 new intelligent production lines constructed in the first half of 2023, and a cumulative total of 85 intelligent production lines completed, with BNBM launching a trial run of its online e-commerce center. Promoting the development of digitalisation of value, “I Find a Car”, the digital logistics platform, has achieved milestones in terms of increasing volume, mode, quality and service excellence. As of the end of June 2023, 100 enterprises have been certified as standardised enterprises for the integration of the two industries, and 29 projects/cases have been selected as pilot projects/cases of digital transformation by the Ministry of Industry and Information Technology.

## GREEN DEVELOPMENT

The Group has realized green and low carbon at source through a green transformation of energy resources. In the first half of 2023, 10.07 million tons of alternative fuels were utilized, reducing carbon dioxide emissions by approximately 1.13 million tons; 2 “photovoltaic+” energy factories were expanded and 6 were added, with 23 factories built in total; 4 “nearly zero emission” gypsum board production lines were added in BNBM, with 54 production lines built in total.

Carbon reduction in the production process is achieved through the transformation of energy-saving and carbon-reducing technologies. In the first half of 2023, the proportion of cement clinker production capacity with Grade 1 energy efficiency increased by 10 percentage points from the beginning of the year to 16.2%; the Group proactively commenced the construction of green mines and ecological factories. As of the end of June 2023, the Group had 42 national-level green mines, 68 provincial-level green mines, 141 national-level green factories, and 69 provincial-level green factories.

The Group has achieved terminal carbon purification through green and low-carbon engineering. The construction of the largest cement oxyfuel combustion carbon capture project in Qingzhou China United has commenced, achieving the application and market transformation of the carbon capture, usage and storage (CCUS) technology; and the construction of the world’s first zero-carbon glass fiber intelligent manufacturing base in Jushi Huai’an has started, leading the sustainable, healthy and green development of the glass fiber industry.

The Group leverages the leading role of the industry to achieve carbon management in the entire process. The Group took the lead in setting up a working group on dual-carbon policy research in the cement industry, launched the construction of a carbon emission management system, and made preparations for entering the carbon market for trading; it actively promoted the cooperation on forestry carbon sequestration, and the Parent Group purchased 10 million tons of carbon sequestration emission reduction from the China Forestry Group.



# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW

The unaudited revenue of the Group decreased by 8.5% from RMB111,883.5 million for the six months ended 30 June 2022 to RMB102,373.9 million for the six months ended 30 June 2023. The unaudited profit attributable to equity holders of the Company decreased by 74.9% from RMB5,593.6 million for the six months ended 30 June 2022 to RMB1,404.1 million for the six months ended 30 June 2023.

### Revenue

Our revenue for the six months ended 30 June 2023 amounted to RMB102,373.9 million, representing a decrease of 8.5% from RMB111,883.5 million for the six months ended 30 June 2022. This was primarily due to a decrease of RMB12,829.3 million in the revenue of the Group's basic building materials segment, and a decrease of RMB255.4 million in the revenue of the engineering technical services segment, but which was partially offset by an increase of RMB1,323.6 million in the revenue of the new materials segment.

### Cost of sales

Our cost of sales for the six months ended 30 June 2023 amounted to RMB84,768.7 million, representing a decrease of 6.1% from RMB90,234.7 million for the six months ended 30 June 2022. This was primarily due to a decrease of RMB7,842.0 million in the cost of sales of the Group's basic building materials segment and a decrease of RMB669.9 million in the cost of sales of the engineering technical services segment, but which was partially offset by an increase of RMB1,001.6 million in the cost of sales of the new materials segment.

### Other income

Other income of the Group decreased by 46.5% from RMB2,161.9 million for the six months ended 30 June 2022 to RMB1,156.4 million for the six months ended 30 June 2023. This was primarily due to a decrease of RMB820.3 million in revenue of asset disposal, and a decrease of RMB291.6 million in gain on disposal of subsidiaries, a decrease of RMB238.4 million in government grants, a decrease of RMB82.9 million in the VAT returns, but which was partially offset by the increase of RMB617.7 million of net gain from change in fair value of financial assets at fair value through profit or loss.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Selling and distribution costs

Selling and distribution costs increased by 4.0% to RMB1,813.3 million for the six months ended 30 June 2023 from RMB1,742.7 million for the six months ended 30 June 2022. This was primarily due to an increase of RMB40.0 million in travelling expenses and an increase of RMB36.7 million in repair expense.

### Administrative expenses

Administrative expenses increased by 3.7% to RMB9,478.6 million for the six months ended 30 June 2023 from RMB9,137.4 million for the six months ended 30 June 2022. This was primarily due to an increase of RMB337.5 million in R&D expenses, an increase of RMB257.1 million in amortization of intangible assets, right-of-use assets and long-term prepaid expenses, but which was partially offset by the decrease of RMB261.4 million in labour costs.

### Finance costs

Finance costs decreased by 11.0% to RMB2,659.6 million for the six months ended 30 June 2023 from RMB2,987.7 million for the six months ended 30 June 2022. This was primarily due to a decrease of borrowing costs of the Group.

### Share of profit of associates

The Group's share of profit of associates decreased by 47.7% to RMB999.3 million for the six months ended 30 June 2023 from RMB1,909.7 million for the six months ended 30 June 2022, primarily due to a decrease in the profit of China Jushi, one of our associates and a decrease of profit of associates in basic building materials segment of the Group.

### Provision under expected credit losses

The provision for impairment of accounts receivable increased to RMB260.8 million for the six months ended 30 June 2023 from RMB-115.6 million for the six months ended 30 June 2022.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Income tax expense

Income tax expense decreased by 43.8% to RMB1,130.8 million for the six months ended 30 June 2023 from RMB2,013.3 million for the six months ended 30 June 2022. This was primarily due to a decrease of profit before tax.

### Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 31.6% to RMB2,745.5 million for the six months ended 30 June 2023 from RMB4,014.2 million for the six months ended 30 June 2022. This was primarily due to the decrease in operating profit of the basic building materials segment and the new materials segment of the Group.

### Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 74.9% to RMB1,404.1 million for the six months ended 30 June 2023 from RMB5,593.6 million for the six months ended 30 June 2022. Net profit margin decreased to 1.4% for the six months ended 30 June 2023 from 5.0% for the six months ended 30 June 2022.

### Basic building materials segment

#### *Revenue*

Revenue of basic building materials segment of the Group for the six months ended 30 June 2023 amounted to RMB58,748.3 million, representing a decrease of 17.9% from RMB71,577.7 million for the six months ended 30 June 2022, mainly attributable to the decrease in the sales volumes of cement products and commercial concrete, as well as the decrease in the average selling price of cement products, commercial concrete and aggregate, partially offset by the increase in the sales volumes of aggregate.

#### *Cost of sales*

Cost of sales of basic building materials segment of the Group for the six months ended 30 June 2023 amounted to RMB51,043.2 million, representing a decrease of 13.3% from RMB58,885.2 million for the six months ended 30 June 2022, mainly attributable to the decrease in the sales volumes of cement products and commercial concrete and the decrease in coal price, partially offset by the increase in the sales volumes of aggregate.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Basic building materials segment (Continued)

#### *Gross profit and gross profit margin*

Gross profit of basic building materials segment of the Group decreased by 39.3% to RMB7,705.1 million for the six months ended 30 June 2023 from RMB12,692.5 million for the six months ended 30 June 2022. Gross profit margin of the basic building materials segment of the Group decreased from 17.7% for the six months ended 30 June 2022 to 13.1% for the six months ended 30 June 2023. The decrease in gross profit margin was mainly due to the decrease in the average selling price of cement products, commercial concrete and aggregate, partially offset by the decrease in the coal price.

#### **Operating profit**

Operating profit of basic building materials segment of the Group decreased by 69.1% to RMB2,478.6 million for the six months ended 30 June 2023 from RMB8,034.4 million for the six months ended 30 June 2022. Operating profit margin of the basic building materials segment of the Group decreased from 11.2% for the six months ended 30 June 2022 to 4.2% for the six months ended 30 June 2023. The decrease in operating profit margin was primarily due to the decrease in gross profit margin, the increase in R&D expenses, the decrease in government grant and the decrease in VAT refunds, as well as the decrease in revenue of asset disposal.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### New materials segment

#### *Revenue*

Revenue of new materials segment of the Group increased by 6.0% to RMB23,416.1 million for the six months ended 30 June 2023 from RMB22,092.5 million for the six months ended 30 June 2022. This was mainly attributable to the increase in the sales of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, but which was partially offset by the decrease in the average selling price of gypsum board, glass fiber yarn, wind power blade and lithium battery separator.

#### *Cost of sales*

Cost of sales of new materials segment of the Group increased by 6.1% to RMB17,322.2 million for the six months ended 30 June 2023 from RMB16,320.6 million for the six months ended 30 June 2022, mainly attributable to the increase in the sales of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, but which was partially offset by the decrease in raw material and coal price.

#### *Gross profit and gross profit margin*

Gross profit of new materials segment of the Group increased by 5.6% to RMB6,093.8 million for the six months ended 30 June 2023 from RMB5,771.9 million for the six months ended 30 June 2022. Gross profit margin of new materials segment of the Group decreased from 26.1% for the six months ended 30 June 2022 to 26.0% for the six months ended 30 June 2023, which was mainly attributable to the decrease in average selling price of gypsum board, glass fiber yarn, wind power blade and lithium battery separator, which was partially offset by the decrease in raw material and coal price.

#### *Operating profit*

Operating profit of new materials segment of the Group decreased by 14.9% to RMB3,818.4 million for the six months ended 30 June 2023 from RMB4,488.9 million for the six months ended 30 June 2022. The operating profit margin of new materials segment of the Group decreased to 16.3% for the six months ended 30 June 2023 from 20.3% for the six months ended 30 June 2022, mainly attributable to the decrease in gross profit margin, the decrease in revenue of asset disposal and the decrease in VAT refunds.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Engineering technical services segment

#### *Revenue*

Revenue of engineering technical services segment of the Group decreased by 1.2% to RMB20,235.8 million for the six months ended 30 June 2023 from RMB20,491.1 million for the six months ended 30 June 2022, mainly attributable to the decrease in completed construction services in the period.

#### *Cost of sales*

Cost of sales of engineering technical services segment of the Group decreased by 3.9% to RMB16,675.4 million for the six months ended 30 June 2023 from RMB17,345.3 million for the six months ended 30 June 2022, mainly attributable to the decrease in completed construction services in the period.

#### *Gross profit and gross profit margin*

Gross profit of engineering technical services segment of the Group increased by 13.2% to RMB3,560.3 million for the six months ended 30 June 2023 from RMB3,145.8 million for the six months ended 30 June 2022. Gross profit margin of engineering technical services segment of the Group increased to 17.6% for the six months ended 30 June 2023 from 15.4% for the six months ended 30 June 2022, mainly attributable to the increase in proportion of businesses with higher gross profit margins such as operation and maintenance and equipment manufacturing.

#### *Operating profit*

Operating profit of engineering technical services segment of the Group increased by 5.9% to RMB1,601.7 million for the six months ended 30 June 2023 from RMB1,513.0 million for the six months ended 30 June 2022. Operating profit margin of engineering technical services segment of the Group increased to 7.9% for the six months ended 30 June 2023 from 7.4% for the six months ended 30 June 2022, mainly attributable to the increase in gross profit margin, but partially offset by the increase in R&D expenses, the increase in provision for impairment of receivables and the increase in foreign exchange losses.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Liquidity and financial resources

As at 30 June 2023, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB329,663.31 million in total.

The table below sets out our borrowings as at the dates shown below:

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<i>(RMB in millions)</i>	
Bank loans	<b>147,549.2</b>	127,294.7
Bonds	<b>44,734.3</b>	45,600.0
Borrowings from non-financial institutions	<b>1,176.7</b>	1,341.4
Total	<b>193,460.2</b>	174,236.1

The table below sets out maturities of the Group's borrowings as at the dates indicated:

	<b>As at 30 June 2023</b>	As at 31 December 2022
	<i>(RMB in millions)</i>	
Borrowings are repayable as follows:		
Within one year or on demand	<b>77,684.3</b>	77,688.5
Between one and two years	<b>40,230.9</b>	37,663.7
Between two and three years	<b>43,195.1</b>	34,419.4
Between three and five years (inclusive of both years)	<b>12,437.3</b>	8,926.0
Over five years	<b>19,912.6</b>	15,538.5
Total	<b>193,460.2</b>	174,236.1

As at 30 June 2023, borrowings in the aggregate amount of RMB7,229.1 million were secured by assets of the Group with a total amount of RMB14,140.8 million.

As at 30 June 2023 and 31 December 2022, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 38.4% and 35.6%, respectively.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Exchange risks

The Group conducts its domestic business primarily in RMB. However, overseas engineering projects and product export business are denominated in foreign currencies, primarily US dollars and Euro. Therefore, the Group bears the risks of fluctuations of exchange rate to a certain extent.

### Contingent liabilities

No contingent liabilities were incurred resulting from the Group's provision of guarantee to banks in respect of bank credits used by an independent third party.

### Capital commitments

The following table sets out the Group's capital commitments as at the dates indicated:

	As at 30 June 2023	As at 31 December 2022
	<i>(RMB in millions)</i>	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	6,131.1	5,822.1



# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Capital expenditures

The following table sets out the capital expenditures of the Group for the six months ended 30 June 2023 by segment:

	For the six months ended 30 June			
	2023		2022	
	(RMB in millions)	% of total	(RMB in millions)	% of total
<b>Basic building materials</b>	<b>8,234.1</b>	<b>59.8</b>	<b>11,434.2</b>	<b>74.2</b>
Cement	5,199.2	37.8	7,967.0	51.7
Commercial concrete	401.5	2.9	349.1	2.3
Aggregate	2,633.4	19.1	3,118.1	20.2
<b>New materials</b>	<b>4,083.0</b>	<b>29.7</b>	<b>2,992.9</b>	<b>19.5</b>
Gypsum board	434.2	3.2	372.3	2.4
Glass fiber	527.0	3.8	1,259.0	8.2
Wind power blade	334.1	2.4	301.5	2.0
Lithium battery separator	2,017.0	14.7	350.7	2.3
Waterproofing system	112.9	0.8	199.7	1.3
Others	657.8	4.8	509.7	3.3
<b>Engineering technical services</b>	<b>993.8</b>	<b>7.2</b>	<b>768.2</b>	<b>5.0</b>
<b>Others</b>	<b>453.0</b>	<b>3.3</b>	<b>204.6</b>	<b>1.3</b>
<b>Total</b>	<b>13,763.9</b>	<b>100.0</b>	<b>15,399.9</b>	<b>100.0</b>

### Material investment plans

As of the date of this report, except for the plans which have been disclosed (to be invested by utilising funds including internal funds and external borrowings) in this report, there are no other future plans for material investments or capital assets.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Cash flow from operating activities

Net cash inflow of the Group generated from operating activities decreased RMB3,068.3 million, from RMB11,450.3 million for the six months ended 30 June 2022 to RMB8,382.0 million for the six months ended 30 June 2023, which was primarily due to the cash flow received by the Group from sales of goods decreased, but which was partially offset by a decrease of cash paid for purchase of goods and services rendered and a decrease of various tax payments.

### Cash flow from investing activities

Net cash outflow of the Group to investing activities decreased RMB1,903.2 million, from RMB12,323.0 million for the six months ended 30 June 2022, to RMB10,419.8 million for the six months ended 30 June 2023, which was primarily due to the decrease in cash paid for purchase of property, plant and equipment of the Group.

### Cash flow from financing activities

Net cash inflow of the Group from financing activities decreased RMB3,543.7 million, from RMB11,131.5 million for the six months ended 30 June 2022, to RMB7,587.8 million for the six months ended 30 June 2023, which was primarily due to the decrease in cash received from capital contribution by non-controlling interests.

# Management Discussion and Analysis (Continued)

## OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2023, China's economic development will face numerous challenges, but the development is resilient, with a great potential, the fundamentals of the long-term prospects remain unchanged, and the overall economic operation is rebounding and improving. As the government increases the intensity of macroeconomic policies and controls, the effects of the policies will continue to be visible, and the backlog of demand is expected to be gradually released, thereby promoting the economy to realise effective improvement in quality and reasonable growth in quantity.

The Group will adhere to the general principle of seeking progress while maintaining stability, firmly grasp the primary task of high-quality development, and focus on improving core competitiveness and enhancing core functions, with emphasis on the following aspects:

Firstly, the Group will reinforce strategic leadership and build a modernised industrial system. We will launch the interim assessment and adjustment of the "14th Five-Year Plan", strengthen the layout around major national strategies, the main battleground of the national economy, the forefront of global science and technology, and high growth areas, adhere to working at both ends of the basic building materials and strategic emerging industries, expand both domestic and international markets, and adhere to the development of digitalisation, intelligence, and green development.

Secondly, the Group will anchor in the operating index system of "One Increase, One Decrease and Four Enhancements" to emphasise value creation. We will grasp the balance of cash flow, price, sales volume, cost and "two financial indices", focus on efficiency and effectiveness, and enhance the quality of operation, profitability and core competitiveness.

Thirdly, the Group will optimise and upgrade comprehensively, and accelerate the transformation and upgrading of the industry. In the basic building materials segment, we will expand profitability through "Cement+", expand demand through internationalisation, and expand sustainable development space through "Double Carbon"; in the strategic emerging industries, we will center on the State-owned Assets Supervision and Administration Commission's state-owned enterprise industry rejuvenation action and future industry sailing action, focusing on 15 key industrial fields, so as to build a hierarchical strategy.

# Management Discussion and Analysis (Continued)

## OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

Fourthly, the Group will enhance the empowerment of reform, and collaborate to promote the deepening and realisation of the reform. We will implement a new series of actions to deepen and enhance the reform of state-owned enterprises, establish a working plan and ledger, further improve modern corporate governance featuring Chinese characteristics and deepen the reform of market-oriented operation mechanism; promote the improvement of the quality and expansion of medium- and long-term incentives, and extend the incentives for scientific research talents; continue to promote the specialised integration in a market-oriented manner, accelerate the second-stage integration of the basic building materials segment, promote the integration of the new materials segment, and deepen the integration of the wind power blades business, in order to further enhance the core competitiveness and market influence of products.

Fifthly, the Group will strengthen value management and enhance the ability to realise value. We will accelerate the construction of world-class enterprises, organise and carry out value creation actions for world-class enterprises at various levels and in various fields, focus on the main directions of strengthening capacity building, continue to carry out specialised actions to improve the quality of listed companies, continue to enhance ESG work, continue to perform well in the management of investor relations, establish a favorable narrative on the capital market, and insist on the balance between value creation and value realisation.

# Significant Events

## FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

At the annual general meeting of the Company held on 28 April 2023, the Company declared the distribution of a final dividend of RMB3,188,343,310.24 in total (tax inclusive) for the period from 1 January 2022 to 31 December 2022 for Shareholders whose names appear on the Company's register of members on 10 May 2023, representing RMB0.378 per share (tax inclusive).

## INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2023.

## MATERIAL TRANSACTIONS

### Qilianshan Assets Restructuring

On 11 May 2022, Qilianshan entered into an indicative agreement of assets restructuring (the "Indicative Assets Restructuring Agreement") with China Communications Construction Company Limited\* (中國交通建設股份有限公司) ("CCCC") and China Urban-Rural Holding Group Co. Limited\* (中國城鄉控股集團有限公司) ("China Urban-Rural"), in connection with Qilianshan's proposed acquisition of 100% equity interests in CCCC Highway Consultants Co., Ltd.\* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.\* (中交第一公路勘察設計研究院有限公司), CCCC Second Highway Consultants Co., Ltd.\* (中交第二公路勘察設計研究院有限公司), Southwest Municipal Engineering Design and Research Institute of China\* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.\* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd.\* (中交城市能源研究設計院有限公司) (the "Swapped-in Target Assets") held by CCCC and China Urban-Rural, by swapping 100% equity interests in Gansu Qilianshan Cement Group Company Limited\* (甘肅祁連山水泥集團有限公司) ("Qilianshan Cement") (the "Swapped-out Target Assets") and by Qilianshan issuing shares (the "Consideration Shares") as consideration to acquire the part of Swapped-in Target Assets held by CCCC and China Urban-Rural with the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets (the "Qilianshan Assets Restructuring").

# Significant Events (Continued)

## MATERIAL TRANSACTIONS (CONTINUED)

### Qilianshan Assets Restructuring (Continued)

On 28 December 2022, Qilianshan entered into the supplemental assets restructuring agreement (the “Supplemental Assets Restructuring Agreement”) with CCCG and China Urban-Rural, to agree on matters such as the consideration for the Qilianshan Assets Restructuring, and the compensation agreement (the “Qilianshan Compensation Agreement”) whereby CCCG and China Urban-Rural agreed to give the profit compensation undertakings and impairment compensation undertakings in relation to the performance undertaking assets assessed or valued using the future income expectations method. On the same date, Tianshan Cement entered into the entrustment agreement (the “Entrustment Agreement”) with CCCG, China Urban-Rural and Qilianshan Cement, in connection with the entrustment arrangements of Qilianshan Cement and the enterprises consolidated in its consolidated accounts to Tianshan Cement for operation and management by Tianshan Cement after CCCG and China Urban-Rural’s acquisition of the Swapped-out Target Assets, and Qilianshan Cement will pay an entrustment fee as consideration.

On 28 February 2023, Qilianshan entered into a Second Supplemental Agreement for Assets Swap and Assets Purchase by Issuance of Shares with CCCG and China Urban-Rural, in relation to the amendments of the terms of the Qilianshan Assets Restructuring regarding the issue price of the Consideration Shares and the basis for price determination, the number of Consideration Shares to be issued, and the conditions to effectiveness to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement etc., in accordance with the revised “Administrative Measures for the Material Asset Reorganizations of Listed Companies” and other documents under the comprehensive registration system.

The Swapped-out Target Assets are 100% equity interests in Qilianshan Cement, a newly set-up subsidiary wholly-owned by Qilianshan and the consolidating entity holding Qilianshan’s assets for its cement business assets. The transaction price is RMB10,430.4298 million. The Swapped-in Target Assets are 100% equity interests in 6 wholly owned subsidiaries of CCCG and China Urban-Rural. The consideration for the Swapped-in Target Assets as agreed by the parties under the Supplemental Assets Restructuring Agreement is RMB23,503.1329 million. As the difference in the amount of the consideration between the Swapped-in Target Assets and the Swapped-out Target Assets is RMB13,072.7031 million, Qilianshan agrees to issue the Consideration Shares to make up for the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets. The parties agree that the issue price for the Consideration Shares shall be RMB10.17 per share, and the total number of Consideration Shares to be issued shall be 1,285,418,199 shares (the final total number of Consideration Shares to be issued is the amount as approved by the Shanghai Stock Exchange and registration with the CSRC).

# Significant Events (Continued)

## MATERIAL TRANSACTIONS (CONTINUED)

### Qilianshan Assets Restructuring (Continued)

According to the Indicative Assets Restructuring Agreement and the Supplemental Assets Restructuring Agreement, the asset swap of the Swapped-out Target Assets held by Qilianshan for the proportion of the Swapped-in Target Assets that represents an equivalent value held by CCCC and China Urban-Rural (the “Assets Swap”) constitutes a disposal of the Swapped-out Target Assets (the “Disposal”). At the same time, after the completion of the Qilianshan Assets Restructuring, Qilianshan will cease to be a subsidiary of the Company (regardless of whether the maximum compensation under the Compensation Agreement will be implemented). The Company will hold indirect equity interests in the Swapped-in Target Assets through Qilianshan after the Assets Swap, constituting in substance an acquisition of 10.06% of the indirect equity interests in the Swapped-in Target Assets and a maximum of 26.73% of the indirect equity interests in the Swapped-in Target Assets (taking into account of the maximum compensation possibility under the Qilianshan Compensation Agreement). As the highest of the applicable percentage ratios of the Disposal and the acquisition of the indirect equity interests in the Swapped-in Target Assets are more than 5% but less than 25%, the Qilianshan Assets Restructuring constitutes a disclosable transaction of the Company pursuant to the Listing Rules and the approval from the Stock Exchange for the Company’s application pursuant to Rule 14.20 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the entrustment arrangements under the Entrustment Agreement provided by Tianshan Cement, a subsidiary of the Company, to Qilianshan Cement (which will become a subsidiary of CCCC after completion) and the entrustment fee received by Tianshan Cement under the Entrustment Agreement is less than 5%, it does not constitute a discloseable transaction and was announced on a voluntary basis.

The Qilianshan Assets Restructuring is to resolve the industry competition with respect to the cement business of the A-share listed companies held by the Company. Tianshan Cement will achieve management integration of Qilianshan’s cement business by way of entrustment. After the Qilianshan Assets Restructuring, Qilianshan will no longer manage cement business, but will turn to focus on business of highway and municipal design, and the Company will be able to share the good performance of Qilianshan by holding its stakes.

For details of the Qilianshan restructuring transaction, please refer to the Company’s announcements dated 25 April 2022, 11 May 2022, 28 December 2022, 30 December 2022, 28 February 2023 and the 2022 annual report. As of the date of this report, the Qilianshan Assets Restructuring has not been completed.

## Significant Events (Continued)

### MATERIAL TRANSACTIONS (CONTINUED)

#### The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring

On 28 April 2022, Ningxia Building Materials entered into the indicative merger by absorption agreement (the “Indicative Merger Agreement”) with CNBM Technology Corporation Limited\* (中建材信息技術股份有限公司) (“CNBM Technology”) (a subsidiary of the Parent), in relation to a proposed merger by absorption by Ningxia Building Materials of CNBM Technology through share exchange with issuance of A-shares by Ningxia Building Materials to all the shareholders of CNBM Technology (the “Merger by Absorption”). On 28 December 2022, the parties entered into the first supplemental agreement to the Indicative Merger Agreement (the “First Supplemental Agreement”) in relation to the amendment to certain terms of the Merger by Absorption. On 27 June 2023, the parties entered into the second supplemental agreement to the Indicative Merger Agreement to agree on the amendment to certain terms of the Merger by Absorption. On 27 June 2023, Ningxia Building Materials entered into the profit undertaking and compensation agreement with CNBM Elink, CNBM Trading, CBMJ, CNBM Investment and Beijing Zhongchengzhida Chuangye Investment Center (Limited Partnership)\* (北京眾誠志達創業投資中心(有限合夥)) (“Beijing Zhongchengzhida”), in respect of the compensation for the shortfall in the actual net profits of CNBM Technology over the committed net profits after the completion of the Merger by Absorption.

The aggregate amount of consideration for the Merger by Absorption is RMB2,294.3080 million. It is to be satisfied by a total of 173,675,807 A-shares to be issued by Ningxia Building Materials at a price of RMB13.21 per share (the “Ningxia Consideration Shares”) in exchange at the exchange ratio of 1:1.1628 (1 share of CNBM Technology for 1.1628 shares of Ningxia Building Materials) for shares in CNBM Technology held by all its shareholders. After the completion of the Merger by Absorption, Ningxia Building Materials will become the subsisting entity and will inherit and undertake all the assets, liabilities, business, contracts, licenses, personnel and all other rights and obligations of CNBM Technology. The legal capacity of CNBM Technology will eventually be deregistered. In order to protect the interests of the shareholders of CNBM Technology, CNBM Technology and Ningxia Building Materials have agreed to grant a cash option (the “Cash Option”) to all shareholders of CNBM Technology, other than CNBM Elink, CNBM Trading, CBMJ, CNBM Investment and Beijing Zhongchengzhida (the “Eligible Shareholders for the Cash Option”), who are entitled to request the Company and/or CBMJ, being the provider(s) of the Cash Option (the “Cash Option Provider(s)”), to acquire shares in CNBM Technology held by the Eligible Shareholders for the Cash Option for cash consideration. The Cash Option Provider(s) will negotiate and arrange the arrangements of providing the Cash Option, provided that CBMJ shall not by virtue of providing the Cash Option obtain control in Ningxia Building Materials or result in a change of the Company’s status as the controlling shareholder of Ningxia Building Materials. In addition, in order to protect the interests of shareholders of Ningxia Building Materials, CNBM Technology and Ningxia Building Materials have agreed to grant a put option (the “Put Option”) to all shareholders of Ningxia Building Materials other than the Company (the “Eligible Shareholders for the Put Option”), who are entitled to request the Company and/or CBMJ, being the provider(s) of the Put Option (the “Put Option Provider(s)”), to acquire shares in Ningxia Building Materials held by the Eligible Shareholders for the Put Option. The Put Option



# Significant Events (Continued)

## MATERIAL TRANSACTIONS (CONTINUED)

### The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring (Continued)

Provider(s) will negotiate and arrange the arrangements of providing the Put Option, provided that CBMJI shall not by virtue of providing the Put Option obtain control in Ningxia Building Materials or result in a change of the Company's status as the controlling shareholder of Ningxia Building Materials.

As the Parent has direct and indirect equity interests of approximately 45.0192% in aggregate in the Company, it is a substantial shareholder of the Company. CNBM Technology is a subsidiary of the Parent and thus constitutes a connected person of the Company. Accordingly, the Merger by Absorption of CNBM Technology by Ningxia Building Materials constitutes a connected transaction of the Company. As one or more applicable percentage ratios under Rule 14.07 of the Listing Rules for the Merger by Absorption are more than 5% but less than 25%, the Merger by Absorption constitutes (i) a discloseable transaction (both on a standalone basis and when aggregated with the grant of the Put Option as mentioned below as well as the net acquisition of Ningxia Saima) of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement, and (ii) a connected transaction under the Listing Rules, which is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the issuance of Ningxia Consideration Shares by Ningxia Building Materials to all the shareholders of CNBM Technology in the Merger by Absorption will result in a reduction of the Company's percentage of equity interests in Ningxia Building Materials, it therefore constitutes a deemed disposal (the "Deemed Disposal") pursuant to Rule 14.29 of the Listing Rules. Certain shareholders of CNBM Technology (including CNBM Elink, CNBM Trading and CBMJI) are subsidiaries of the Parent and thus constitute connected persons of the Company. The issuance of Ningxia Consideration Shares by Ningxia Building Materials to such shareholders of CNBM Technology in the Merger by Absorption constitutes a connected transaction of the Company. As one or more applicable percentage ratios for the Deemed Disposal where the Ningxia Consideration Shares are issued to the connected persons are more than 0.1% but less than 5%, the Deemed Disposal where the Ningxia Consideration Shares are issued to connected persons constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios for the Deemed Disposal where the Ningxia Consideration Shares are issued to all the shareholders of CNBM Technology (assuming that none of the shareholders of CNBM Technology exercises the Cash Option and the maximum number of shares in Ningxia Building Materials are to be issued as consideration) are more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement.

## Significant Events (Continued)

### MATERIAL TRANSACTIONS (CONTINUED)

#### **The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring (Continued)**

As the Company's provision of the Put Option as a Put Option Provider to the Eligible Shareholders for the Put Option to acquire shares in Ningxia Building Materials held by the Eligible Shareholders for the Put Option will constitute a grant of option under Rule 14.73 of the Listing Rules, the grant of such option will be classified as if the option has been exercised according to Rule 14.74 of the Listing Rules. As one or more applicable percentage ratios for the grant of Put Option (assuming that all the Put Option has been exercised and the Company is the provider of all the Put Option) are more than 5% but less than 25% (both on a standalone basis and when aggregated with the Merger by Absorption as mentioned above as well as the net acquisition of Ningxia Saima), the grant of Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirement, but is exempt from the circular and shareholders' approval requirements.

On 28 April 2022, Ningxia Building Materials entered into the Indicative Asset Restructuring Agreement with Tianshan Cement in connection with Tianshan Cement's proposed acquisition of the 51% equity interests in Ningxia Saima (subsequent to the completion of Ningxia Building Materials' transfer of its certain assets to Ningxia Saima) from Ningxia Building Materials, in consideration for Tianshan Cement's capital contribution to Ningxia Saima in form of cash (the "Cement Assets Restructuring"). On 27 June 2023, Ningxia Building Materials entered into the Supplemental Asset Restructuring Agreement with Tianshan Cement to agree on, among others, the consideration of the Cement Assets Restructuring. Given that both Ningxia Building Materials and Tianshan Cement are listed subsidiaries of the Company, the Cement Assets Restructuring is in substance a group reorganisation which would result in a net acquisition of approximately 11.70% interests (or a maximum percentage of approximately 35.95% after taking into account of the Put Option) in Ningxia Saima by the Company. As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Cement Assets Restructuring will be less than 5%, the Cement Assets Restructuring does not constitute a discloseable transaction of the Company under the Listing Rules.

The Merger by Absorption and the Cement Assets Restructuring are part of the Company's cement restructuring transactions to resolve the industry competition with respect to the cement business. After the Merger by Absorption of CNBM Technology, Ningxia Building Materials will become the Company's digital service platform in the future, and will be able to fully utilise the advantages of CNBM Technology's digitalisation and smart logistics business platform, and promote the digitalisation of the industry by way of digital transformation, so as to advance both the real economy and the digital economy, and realise the premium-quality development of the Company. After the Cement Assets Restructuring, the integration of high-quality resources will strengthen the Company's leading position in the cement industry, and facilitate the resolution of industry competition among subsidiaries of the Company in the cement business sector, which serves to protect the interests of minority shareholders of the Company and fulfill the Parent and the Company's commitment to resolving the industry competition in the market.

# Significant Events (Continued)

## MATERIAL TRANSACTIONS (CONTINUED)

### The Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring (Continued)

For details of the Merger by Absorption and the Cement Assets Restructuring transaction, please refer to the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 15 August 2023 and the circular dated 28 July 2023. As of the date of this report, the Merger by Absorption and the Cement Assets Restructuring transaction have not been completed.

## CONNECTED TRANSACTIONS

### Continuing Connected Transactions

Particulars of connected transactions are set out in Note 29 to the interim financial statements. The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details of the continuing connected transactions between the Group and the Parent Group and the relevant exemptions, please refer to the Company's announcement dated 28 October 2022, the circular dated 25 November 2022, the announcement dated 19 December 2022, the 2022 annual report.

### Transactions with Parent Group

For the six months ended 30 June 2023, the Group's expenses incurred from the provision of minerals from the Parent Group amounted to RMB30.18 million, representing approximately 0.04% of total cost of sales of the Group for the same period. The Group's income from the provision of products and services to the Parent Group amounted to RMB548.35 million, representing approximately 0.54% of the total income of the Group for the same period. The Group's expenses incurred from the provision of products and services from the Parent Group amounted to RMB3,960.67 million, representing approximately 4.67% of total cost of sales of the Group for the same period. The Group's expenses incurred from the provision of equipment from the Parent Group amounted to approximately RMB89.16 million, representing approximately 0.11% of total cost of sales of the Group for the same period. The Group's income from the provision of construction services to the Parent Group amounted to RMB13.59 million, representing approximately 0.01% of the total income of the Group for the same period. The Group's expenses incurred from the provision of construction services from the Parent Group amounted to RMB3,870.28 million, representing approximately 4.57% of the total cost of sales of the Group for the same period. The rental paid for leasing property from the Parent Group amounted to RMB34.69 million, representing approximately 0.04% of the total cost of sales of the Group for the same period. The revenue from leasing property to the Parent Group amounted to RMB54.67 million, representing approximately 0.05% of the total income of the Group for the same period. The Company's maximum daily deposit balance deposited in China National Building Material Group Finance Co, Ltd. (a subsidiary of the Parent, "Finance Company") amounted to approximately RMB12,462.77 million. The Group's expenses in respect of other financial services provided by the Finance Company amounted to RMB415.4 thousand.

# Significant Events (Continued)

## CONNECTED TRANSACTIONS (CONTINUED)

### Continuing transactions subsequently became connected

#### *Financial assistance provided by the Company to the Parent Group*

Reference is made to the announcements and circulars of the Company dated 8 December 2021, 13 December 2021 and 30 December 2021 in relation to the subscription for equity interest of (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd.\* (中建材蚌埠玻璃工業設計研究院有限公司) (“Bengbu Institute”, a subsidiary of the Parent, now renamed as CNBM Research Institute for Advanced Glass Materials Group Co., Ltd.), by the Company with its equity interest in China Triumph. The above transaction was completed on 30 December 2021, and after completion, Bengbu Institute (which remained a subsidiary of the Parent) held 100% equity interests in China Triumph, whereas China Triumph ceased to be a subsidiary of the Company and became a non-wholly-owned subsidiary of the Parent and thus a connected person of the Company. Therefore, certain guarantees provided by the Company for China Triumph have subsequently become continuing connected transactions of the Company.

As of 30 June 2023, the total amount of guarantees provided by the Company for China Triumph consisted of bonds totaling approximately RMB1 billion and loans from financial institutions totaling RMB0.8 billion.

### Partially Exempt Connected Transactions

For the six months ended 30 June 2023 and up to the date of this report, the following transactions constitute connected transactions of the Company and were exempt from independent Shareholders’ approval requirements but were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

### Acquisition of Beacon Coatings

On 28 April 2023, the Parent Company entered into an equity transfer agreement with BNBM Coating, a non-wholly owned subsidiary of the Company and in turn a wholly owned subsidiary of BNBM, in relation to the acquisition of 51% equity interests in Tianjin Beacon Coatings Co., Ltd.\* (天津燈塔塗料工業發展有限公司) (“Beacon Coatings”) by BNBM Coating from the Parent (the “Acquisition”) in consideration of RMB129.9277 million for cash, which is determined on the basis of a valuation report issued by an independent valuer. Upon the completion of the acquisition, Beacon Coatings will become a wholly-owned subsidiary of BNBM Coating and thus an indirect subsidiary of the Company. The profits and losses realised by Beacon Coatings from 30 September 2022 to the last day of the month in which the equity transfer agreement takes effect will be enjoyed or borne by BNBM Coating.

# Significant Events (Continued)

## CONNECTED TRANSACTIONS (CONTINUED)

### Acquisition of Beacon Coatings (Continued)

The Acquisition is in line with BNBM's development strategy of "one body, two wings and global layout" and meets the needs of the layout development of the coating business. The implementation of the project can accelerate the pace of development of the coating business of the Group, cultivate new performance growth points and enhance its competitiveness. The Board (including the independent non-executive Directors) is of the view that the terms of the Acquisition are fair and reasonable, and the Acquisition is conducted in the ordinary and usual course of business of the Group on normal commercial terms and is in the interests of the Company and its shareholders as a whole.

For details of the Acquisition of Beacon Coatings, please refer to the Company's announcement dated 28 April 2023. As of the date of this report, the transaction of the Acquisition of Beacon Coatings has been completed.

### Transfer of equity interest in Zhongfu Carbon Fiber

On 9 June 2023, Zhongfu Lianzhong (a subsidiary of the Company) entered into an equity transfer agreement with CBMJ ("Zhongfu Carbon Fiber Agreement"), pursuant to which CBMJ has agreed to acquire, and Zhongfu Lianzhong has agreed to sell all of the equity interests it held in Zhongfu Carbon Fiber Core Cable Technology Co., Ltd.\* (中復碳芯電纜科技有限公司) ("Zhongfu Carbon Fiber") (representing approximately 30.18% of the total equity interests in Zhongfu Carbon Fiber) ("Target Equity Interests").

The consideration in respect of the acquisition of the Target Equity Interests is RMB107.638065 million. The consideration was determined after arm's length negotiation and taking into account the appraised value of the equity interests of Zhongfu Carbon Fiber as at 31 December 2022 in the asset appraisal report and the special dividends declared to the existing shareholders of Zhongfu Carbon Fiber. The consideration is to be paid by installments in cash. Within 10 days of the Zhongfu Carbon Fiber Agreement being effective, CBMJ shall pay 50% of the consideration to Zhongfu Lianzhong. Within 10 days after the Target Equity Interests are transferred under the name of CBMJ, CBMJ shall pay 50% of the consideration to Zhongfu Lianzhong.

This transfer of the Target Equity Interests is required for the consolidation of the wind turbine blade business of the Company. Upon the completion of the registration of the Equity Transfer with the relevant administrative departments for market regulation in the PRC, CBMJ will become a shareholder of Zhongfu Carbon Fiber and will enjoy shareholders' rights and bear shareholders' obligations together with other shareholders on a pro rata basis.

For details of the transfer of the Target Equity Interests in Zhongfu Carbon Fiber, please refer to the Company's announcement dated 9 June 2023. As of the date of this report, the transaction under the transfer of the Target Equity Interests in Zhongfu Carbon Fiber has been completed.

# Significant Events (Continued)

## CONNECTED TRANSACTIONS (CONTINUED)

### Merger by Absorption by Ningxia Building Materials of CNBM Technology

The Merger by Absorption of CNBM Technology by Ningxia Building Materials constitutes a connected transaction. The issuance of Ningxia Consideration Shares by Ningxia Building Materials to certain shareholders of CNBM Technology (including CNBM Elink, CNBM Trading and CBMJI, which are subsidiaries of the Parent) also constitutes a connected transaction of the Company. For details of the specific transaction, please refer to the Material Transaction of Significant Events – the Merger by Absorption by Ningxia Building Materials of CNBM Technology and the Cement Assets Restructuring in this interim report.

For details of the Merger by Absorption by Ningxia Building Materials of CNBM Technology, please refer to the announcements of the Company dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023, 15 August 2023 and the circular dated 28 July 2023. As of the date of this report, the transaction regarding the Merger by Absorption by Ningxia Building Materials of CNBM Technology has not been completed.

## CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in Part 2 of the CG Code during the six months from 1 January 2023 to 30 June 2023.

## SPECIAL COMMITTEES UNDER THE BOARD

### The Strategic Steering Committee

The Company has established a strategic steering committee which comprises four Directors, including two executive Directors, one non-executive Director and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisational development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company for the year of 2022, proposals relating to the working arrangement in 2023 and proposal on Company's investment plan for the year of 2023.

# Significant Events (Continued)

## SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

### Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the CG Code. The nomination committee is responsible for, among other things, the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience) as directed by the board diversity policy, providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and examining the selection criteria and procedures for the appointment of Directors and senior management, and reviewing the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has discussed and reviewed the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors. Save for the above matters to be considered, the Nomination Committee also reviewed the resolution on the appointment of the Chief Compliance Officer.

The Nomination Committee has reviewed the diversity policy and its effectiveness of the Board. The current members of the Board are in line with the diversity policy in terms of gender, age, cultural and educational background, professional experience and skills, in line with the Company's current business development needs, and is conducive to improving corporate governance and standardized operation. The Board currently includes two female members, which complies with the relevant requirements under Rule 13.92 of the Listing Rules. The Nomination Committee submitted the above review results to the Board meeting. The Board carefully considered and agreed with the above conclusions made by the Nomination Committee on the review of the diversity of the Board.

### Remuneration and Performance Appraisal Committee

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the CG Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has reviewed the remuneration of the Company's management members for the year 2022, the proposal on the Company's total salary settlement for the year 2022 and the total salary budget for the year 2023.

# Significant Events (Continued)

## SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

### Audit Committee

The Company has established an audit committee which comprises three Directors, including three independent non-executive Directors, one of whom possesses the appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the CG Code. The principal duties of the audit committee include reviewing the Company's external auditors and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. During the Reporting Period, the audit committee has listened to the audit department's report on the Company's 2022 audit and rectification of the audit office's financial revenue and expenditure, the report on the self-assessment of the quality of the Company's internal audit work, the report on the Company's internal audit work for the year 2022 and report on the internal audit work plan for the year 2023, the legal compliance department's report on the Company's compliance management report for the year 2022, the report of Company's major risk assessment report for the year 2023, the report of the Company's work report on the internal control system for the year 2022, the auditor's report on the audit work of the 2022 annual financial report and the management's report on the operation management and business development for the year 2022. During the Reporting Period, the audit committee has reviewed the appointment of auditors for the year 2023, the determination of the annual audit fee for the year 2022, and the 2023 interim report of the Company. Save for the above matters to be considered, the Audit Committee was also briefed by the Audit Department on the conclusion of the internal audit work in the first half of 2023, by the auditors on the audit of the interim financial report for 2023, and by the management on the Company's operational management and business development in the first half of 2023.

### Environmental, Social and Governance Committee

At the fifth meeting of the fifth session of the Board of Directors of the Company held on March 24, 2023, the Company considered and approved the establishment of the Environmental, Social and Governance Committee. The Company's Environmental, Social and Governance Committee consists of three directors, including one executive director and two independent non-executive directors. The Environmental, Social and Governance Committee is responsible for assessing the Company's corporate governance, environmental and social responsibility management work, as well as the risks and opportunities faced by the Company, formulating and reviewing the Company's corporate governance, environmental and social responsibility management vision, goals and strategies, and regularly reporting to the board of directors on major issues related to ESG work. As of the date of this report, the Environmental, Social and Governance Committee has reviewed the resolution on the review of the Company's ESG work and further proposals for the way forward.



# Significant Events (Continued)

## RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE SUPERVISION

In order to standardize daily operation, tighten the control over risk exposures, strengthen the compliance boundary, and realize the legitimate operation and sustainable development, the Company has made efforts to explore the establishment of a coordinated operation mechanism for law, compliance, internal control and risk management. At present, the Company has established an organization for construction and supervision of internal control system and a compliance management committee, formulated and continuously improved the Company's systems and management processes, established relevant risk evaluation and supervision mechanisms, and prepared the compliance management manual to explore and create a closed-loop system of compliance management supervision. The Company has hired an intermediary service agency to improve and optimize the internal control and risk management mechanism. Each department of the Company is the participating and responsible department for the daily monitoring, evaluation and supervision mechanism; the organization for construction and supervision of internal control system and the compliance management committee are the daily organizations that play a role of leading, coordinating and supervising in the monitoring mechanism; the audit committee under the Board regularly listens to the professional audit and internal audit reports, independently evaluates the Company's operation and management, business development and financial status, and examines the implementation of the Company's strategy, so as to promote the improvement of internal control, risk management and compliance supervision level.

In accordance with code provision D.2.1 of the CG Code, the Board of Directors have listened to the Company's annual compliance management report, major risk assessment report and internal control system work report, and have also reviewed the effectiveness of the internal control, risk management and compliance supervision systems of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

## THE MODEL CODE

The Company has adopted a set of code no less exacting than the standards set out in the Model Code as its own code of conduct regarding securities transactions by Directors. The standard also applies to the Supervisors. Having made specific enquiry with all Directors and Supervisors, the Company confirms that each of the Directors and Supervisors has complied with the standards of the securities transactions by Directors as required by the Model Code and the Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

# Significant Events (Continued)

## SHARE CAPITAL STRUCTURE

	As of 30 June 2023	
	Number of Shares	Percentage of Issued Shares (%)
<b>Domestic Shares</b>	3,876,624,162	45.96
<b>H Shares</b>	4,558,146,500	54.04
<b>Total share capital</b>	8,434,770,662	100

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

During the six months ended 30 June 2023, the Company and its subsidiaries had no purchase, sale or redemption of listed securities ("securities", having the meanings ascribed by the Listing Rules) of the Company.

## MATERIAL LITIGATION AND ARBITRATION OF THE GROUP

As of the end of this Reporting Period, save as the litigation in respect of the gypsum board in the United States disclosed below, the Group was not involved in any litigation or arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors and senior management of the Group involved in any material litigation.

### Litigation in respect of the gypsum board in the United States

References are made to the overseas regulatory announcement dated 30 May 2010 by the Company reproducing the announcement of BNBM in respect of the gypsum board in the United States and the announcements of the Company dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third quarterly report, the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report, the 2021 annual report, the 2022 interim report and the 2022 annual report setting out information on the subsequent development of the gypsum board litigation in the United States.

# Significant Events (Continued)

## MATERIAL LITIGATION AND ARBITRATION OF THE GROUP (CONTINUED)

### Litigation in respect of the gypsum board in the United States (Continued)

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd. \* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, “Taishan”), entered into a class settlement agreement (the “Settlement Agreement”) with the counsels acting for the plaintiff Settlement Class (the “Settlement”). As at the date of this Report, Taishan’s payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the U.S. issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, the litigation of 41 plaintiffs has been concluded, and the litigation of the remaining 49 plaintiffs will be ongoing.

In addition to the multi-district consolidated litigation cases involved in the above settlements, there has also been litigation brought by builders and suppliers. Among them, The Mitchell Co., Inc against Knauf Gips KG has been settled and the settlement payment has been made, and other cases are still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclosure if and when necessary or appropriate.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 148,352 employees.

The remuneration package of the Company’s employees includes salary, bonuses and allowances. In accordance with relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of employees, a monthly social insurance premium covering pension insurance, injury insurance, medical insurance, unemployment insurance and housing reserve fund. The Company’s remuneration policy for its staff is performance based, taking into account duties and responsibilities while bonus is linked to the overall economic efficiency of the Company.

When determining or recommending to the Board the emoluments payable to the independent non-executive Directors, the Remuneration and Performance Appraisal Committee will consider factors such as remuneration paid by comparable companies, the time and duties required from the Directors and senior management, employment conditions elsewhere within the Group and the desirability of performance-based remuneration in accordance with its terms of reference. Other than independent non-executive Directors, the other Directors will not receive remunerations in respect of their directorships in the Company. Some of the Directors receive employee remunerations for their role as senior management of the Company.

# Significant Events (Continued)

## EMPLOYEE AND REMUNERATION POLICY (CONTINUED)

The Company endeavors to provide training to its employees. On-job training and continuous training plans include management skills and technical training, overseas exchange schemes and other courses. The Company also encourages employees to improve self-study.

## CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 10 July 2023, Ms. Zhan Yanjing, a shareholder representative supervisor of the Company and the chairman of the Supervisory Committee, resigned from the position of supervisor of the Company due to retirement.

Saved as disclosed above, there were no changes of directors, supervisors and senior management of the Company during the Reporting Period.

## CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

Changes in information of the Directors, Supervisors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Liu Yan, an executive Director of the Company, ceased to be a vice chairman of Tianshan Cement since March 2023, he has been a non-executive director of China Conch Venture Holdings Limited since April 2023 and ceased to be the chairman of Sinoma International since July 2023; Mr. Xiao Jiaxiang, an executive Director of the Company, ceased to be a director and president of South Cement since January 2023, ceased to be the president of Tianshan Cement since March 2023 and has been the vice chairman of Tianshan Cement since March 2023; Mr. Wang Bing, an executive Director of the Company, has been the chief compliance officer of the Company since August 2023; Ms. Fan Xiaoyan, a non-executive director of the Company, ceased to be the general manager of Tai'an Taishan Finance Investment Group Co., Ltd.,\* (泰安市泰山財金投資集團有限公司) since March 2023 and has been the chairman of Tai'an Taishan Finance Investment Group Co., Ltd.,\* (泰安市泰山財金投資集團有限公司) since March 2023.

Ms. Yu Yuehua, a staff representative Supervisor of the Company, has been the chief auditor of the Company since February 2023, and has been the chairman of the board of supervisors of Beijing New Building Material Public Limited Company and the supervisor of BBMG Corporation since April 2023. Ms. Zeng Xuan, a staff representative Supervisor of the Company, has been the supervisor of the supervisory board and the chairman of the supervisory board of Sinoma Science & Technology since January 2023.

# Significant Events (Continued)

## EQUITY INCENTIVE PLAN

### Restricted Share Incentive Plan of Sinoma International

Sinoma International considered and approved the Restricted Share Incentive Plan of Sinoma International (“Restricted Share Incentive Plan of Sinoma International” or the “Plan”) at Sinoma International’s extraordinary general meeting convened on 16 March 2022. On 24 March 2022, 194 incentive participants were granted 46,549,115 restricted shares of Sinoma International (“Restricted Shares”) by Sinoma International, representing 2.10% of Sinoma International’s total share capital as at the date of the grant. The grant price of the Restricted Shares was proposed to be RMB5.97 per share. Apart from the above, 10 million Restricted Shares were separately reserved under the Plan, representing 0.45% of Sinoma International’s total share capital as at the date of the grant.

The source of Restricted Shares is the issuance of ordinary A-shares of Sinoma International to the participants, and the first grant price of the Restricted Shares was not less than the par value of the shares, and was the higher of: (i) the average trading price of Sinoma International Share for 1 trading day prior to the announcement of the draft Plan; (ii) the average trading price of Sinoma International Share for 20 trading days prior to the announcement of the draft Plan; (iii) the average trading price of Sinoma International Share for 60 trading days prior to the announcement of the draft Plan; (iv) the average trading price of Sinoma International Share for 120 trading days prior to the announcement of the draft Plan.

The grantees of the first grant included directors and senior management personnel, core management, business and key technical personnel of Sinoma International. Restricted shares were granted to Sinoma International’s (i) two directors, namely Liu Yan and Yin Zhisong (concurrently being the President of Sinoma International), who were granted 365,700 and 314,000 Restricted Shares, respectively; (ii) five senior management personnel (other than the President of Sinoma International, Yin Zhisong), who were granted a total of 1,254,100 Restricted Shares, and (iii) 187 core management, business and key technical personnel, who were granted a total of 44,615,315 Restricted Shares. The number of Restricted Shares granted to any one grantee under the Plan did not exceed 1% of the total share capital of Sinoma International as at the date of this report.

Sinoma International considered and passed the relevant proposal on granting reserved Restricted Shares to the grantees at the twenty-fifth meeting (provisional) of the seventh session of the board of directors on 14 February 2023. Sinoma International granted 10,000,000 reserved Restricted Shares to 71 grantees, accounting for 0.44% of the total share capital of Sinoma International as at the date of grant, at the price of RMB5.74 per share.

# Significant Events (Continued)

## EQUITY INCENTIVE PLAN (CONTINUED)

### Restricted Share Incentive Plan of Sinoma International (Continued)

The grant price of the reserved Restricted Share shall not be lower than the par value of the share, and shall not be lower than the higher of the following prices: (i) 50% of the average trading price of the share of the Company for 1 trading day prior to the announcement of the resolution of the Board regarding the grant of reserved Restricted Shares; (ii) 50% of the average trading price of the share of the Company for 20 trading days, 60 trading days or 120 trading days prior to the announcement of the resolution of the Board regarding the grant of reserved Restricted Shares.

One grantee renounced the right of subscription to all of the reserved Restricted Shares authorized for him due to personal reasons. The actual grantees of the reserved Restricted Shares include Sinoma International's (i) 1 director and vice president, namely Zhu Bing, who was granted 282,073 Restricted Shares, and (ii) 70 core management, business and key technical personnels, who were granted a total of 9,525,180 Restricted Shares. The actual number of grantees of Restricted Shares under the reserved grant portion of the incentive plan changed from 71 to 70, and the actual number of shares granted changed from 10,000,000 to 9,807,253. The number of Restricted Shares granted to any one of the above-mentioned grantees did not exceed 1% of the total share capital of Sinoma International as at the date of this report.

The validity period of the Restricted Share Plan of Sinoma International shall commence from the completion date of the registration of the first grant of Restricted Shares (being 11 April 2022) and end on the date on which all the Restricted Shares granted to the grantees have been unlocked or otherwise repurchased and cancelled, which shall not be longer than 72 months. The restriction periods for granting Restricted Shares under the incentive plan are 24 months, 36 months, and 48 months from the completion date of the registration of the corresponding portion of the Restricted Shares of the grant. During such lock-up period, the Restricted Shares granted to participants under Restricted Shares Plan of Sinoma International are locked-up and cannot be transferred in any form, used as security or to repay debt. Sinoma International does not constitute a "principal subsidiary" as defined under Rule 17.14 of the Listing Rules. In light of the disclosure of the Plan in the Company's 2021 annual report, 2022 interim report, and 2022 annual report, the Company continues to disclose the Plan this year.

# Significant Events (Continued)

## EQUITY INCENTIVE PLAN (CONTINUED)

### Restricted Share Incentive Plan of Sinoma International (Continued)

The unlock periods and the different phases of unlocking the lock-up of the first grant and the reserved grant under the Restricted Share Plan of Sinoma International are as follows:

<b>Unlocking Period</b>	<b>Phases of unlocking the lock-up</b>	<b>Unlocked entitlement as a percentage of total entitlements granted</b>
First Unlocking Period	commences from the first trading day after the expiry of the 24-month period from the date of completion of registration of the first grant/reserved grant (the "Registration Date") to the date of the last trading day within 36-month period from the Registration Date	33%
Second Unlocking Period	commences from the first trading day after the expiry of the 36-month period from the Registration Date and ends on the last trading day of the 48-month period from the Registration Date	33%
Third Unlocking Period	commences from the first trading day after the expiry of the 48-month period from the Registration Date and ends on the last trading day of the 60-month period from the Registration Date	34%

# Significant Events (Continued)

## DISCLOSURE OF INTEREST

### 1. Substantial Shareholders and persons who have an interest or short position disclosable under Divisions 2 and 3 of Part XV of SFO

So far as was known to the Directors or the Supervisors, as at 30 June 2023, the Shareholders (other than the Directors or the Supervisors) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) <sup>1</sup>	Percentage of total share capital (%) <sup>1</sup>
Parent	Domestic Shares	Long	Beneficial owner Interest of controlled corporations	628,592,008	2	93.21	42.84
	Domestic Shares	Long		<u>2,984,713,973</u>			
				3,613,305,981			
	H Shares	Long	Beneficial owner Interest of controlled corporations	8,536,000			
H Shares	Long	<u>175,428,000</u>					
				183,964,000		4.04	2.18
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	38.32	17.61
Sinoma Parent	Domestic Shares	Long	Beneficial owner	1,270,254,437	2	32.77	15.06
Taishan Finance	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.12



# Significant Events (Continued)

## DISCLOSURE OF INTEREST (CONTINUED)

### 1. Substantial Shareholders and persons who have an interest or short position disclosable under Divisions 2 and 3 of Part XV of SFO (Continued)

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) <sup>1</sup>	Percentage of total share capital (%) <sup>1</sup>
Taishan Investment	Domestic Shares	Long	Beneficial owner	263,318,181	3	6.79	3.12
CBMJI	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	2.70
	H Shares	Long	Beneficial owner	168,628,000		3.70	2.00
GIC Private	H Shares	Long	Investment manager	317,349,094		6.96	3.76

*Notes:*

- As at 30 June 2023, the Company's total issued share capital comprises 8,434,770,662 Shares, including 3,876,624,162 Domestic Shares and 4,558,146,500 H Shares.
- Of these 3,613,305,981 Shares, 628,592,008 Shares are directly held by the Parent, the remaining 2,984,713,973 Shares are deemed corporate interest indirectly held through BNBMG, Sinoma Parent, CBMJI and Building Materials Academy. Sinoma Parent, CBMJI and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through CNBM Trading. Under the SFO, the Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Shares), Sinoma Parent (1,270,254,437 Shares), CBMJI (227,719,530 Shares) and Building Materials Academy (1,173,050 Shares).
- Taishan Investment is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 Shares directly held by Taishan Investment.

### II. Interests and Short Positions of Directors and Supervisors

As at 30 June 2023, as far as the Company is aware, none of the Directors nor the Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or the Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

# Report on Review of Condensed Consolidated Financial Statements



## Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,  
30 Canton Road, Tsimshatsui,  
Kowloon, Hong Kong

T +852 2375 3180  
F +852 2375 3828

[www.moore.hk](http://www.moore.hk)

大  
華  
馬  
施  
雲  
會  
計  
師  
事  
務  
所  
有  
限  
公  
司

## TO THE BOARD OF DIRECTORS OF CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED

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

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of China National Building Material Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 58 to 126, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”), issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Report on Review of Condensed Consolidated Financial Statements

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements as at 30 June 2023 are not prepared, in all material respects, in accordance with IAS 34.

**Moore Stephens CPA Limited**

*Certified Public Accountants*

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 25 August 2023

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
<b>Revenue</b>	5	<b>102,373,896</b>	111,883,503
Cost of sales		<b>(84,768,668)</b>	(90,234,656)
<b>Gross profit</b>		<b>17,605,228</b>	21,648,847
Investment and other income, net	6	<b>1,156,434</b>	2,161,941
Selling and distribution costs		<b>(1,813,274)</b>	(1,742,730)
Administrative expenses		<b>(9,478,595)</b>	(9,137,386)
Finance costs, net	7	<b>(2,659,592)</b>	(2,987,748)
Share of results of associates		<b>999,319</b>	1,909,711
Share of results of joint ventures		<b>(3,991)</b>	(1,685)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net		<b>(260,788)</b>	115,571
<b>Profit before tax</b>	8	<b>5,544,741</b>	11,966,521
Income tax expense	9	<b>(1,130,777)</b>	(2,013,288)
<b>Profit for the period</b>		<b>4,413,964</b>	9,953,233
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>1,404,107</b>	5,593,583
Holders of perpetual capital instruments		<b>264,368</b>	345,429
Non-controlling interests		<b>2,745,489</b>	4,014,221
<b>Profit for the period</b>		<b>4,413,964</b>	9,953,233
<b>Earnings per share – basic and diluted (RMB)</b>	11	<b>0.166</b>	0.663

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Financial Statements (Continued)

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
<b>Profit for the period</b>	<b>4,413,964</b>	9,953,233
<b>Other comprehensive income/(expense), net of tax:</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Actuarial gain on defined benefit obligations	11,916	3,382
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	77,272	2,377
Share of associates' other comprehensive income/(expense)	150,749	(12,671)
Changes in fair value on hedging instruments designated as cash flow hedges	(57,039)	6,862
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>182,898</b>	(50)
<b>Total comprehensive income for the period</b>	<b>4,596,862</b>	9,953,183
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	1,586,418	5,587,831
Holders of perpetual capital instruments	264,368	345,429
Non-controlling interests	2,746,076	4,019,923
<b>Total comprehensive income for the period</b>	<b>4,596,862</b>	9,953,183

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Financial Statements (Continued)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(Expressed in Renminbi)

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
<b>Non-current assets</b>			
Property, plant and equipment	12	197,800,735	194,821,231
Right-of-use assets	13	28,551,649	29,142,688
Investment properties		1,466,701	1,484,167
Goodwill	14	32,687,901	32,634,463
Intangible assets		30,477,830	28,939,913
Interests in associates	15	30,157,102	29,927,735
Interests in joint ventures		222,511	126,502
Financial assets at fair value through profit or loss	18	3,576,808	3,877,229
Deposits	16	2,233,698	2,559,687
Trade and other receivables	17	5,036,441	4,100,405
Deferred income tax assets		7,778,284	7,612,135
Derivative financial instruments		1,955	3,482
		<b>339,991,615</b>	<b>335,229,637</b>
<b>Current assets</b>			
Inventories		24,492,319	24,555,479
Trade and other receivables	17	92,378,885	87,440,608
Financial assets at fair value through profit or loss	18	7,022,442	8,067,573
Derivative financial instruments		13,523	28,069
Amounts due from related parties	29(b)	3,350,958	2,754,518
Pledged bank deposits	19	3,840,106	4,277,167
Cash and cash equivalents		32,524,847	26,990,449
		<b>163,623,080</b>	<b>154,113,863</b>

# Condensed Consolidated Financial Statements (Continued)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2023

(Expressed in Renminbi)

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
<b>Current liabilities</b>			
Trade and other payables	20	100,071,157	101,721,660
Amounts due to related parties	29(b)	6,003,135	6,048,514
Borrowings – amount due within one year	21	77,684,278	77,688,461
Lease liabilities		267,140	381,999
Derivative financial instruments		104,278	21,822
Employee benefits payable	22	28,010	67,108
Current income tax liabilities		1,607,647	2,212,838
Dividends payable to non-controlling interests		777,167	1,015,714
		<b>186,542,812</b>	<b>189,158,116</b>
<b>Net current liabilities</b>		<b>(22,919,732)</b>	<b>(35,044,253)</b>
<b>Total assets less current liabilities</b>		<b>317,071,883</b>	<b>300,185,384</b>
<b>Non-current liabilities</b>			
Borrowings – amount due after one year	21	115,775,966	96,547,625
Deferred income		2,326,262	2,398,300
Lease liabilities		1,750,872	1,832,376
Employee benefits payable	22	441,465	426,769
Deferred income tax liabilities		2,736,009	2,990,457
Derivative financial instruments		–	1,935
		<b>123,030,574</b>	<b>104,197,462</b>
<b>Net assets</b>		<b>194,041,309</b>	<b>195,987,922</b>

## Condensed Consolidated Financial Statements (Continued)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2023

(Expressed in Renminbi)

	<i>Notes</i>	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (restated) (unaudited)
<b>Capital and reserves</b>			
Share capital	23(a)	8,434,771	8,434,771
Reserves		96,705,325	98,893,896
<b>Equity attributable to:</b>			
Owners of the Company		105,140,096	107,328,667
Holders of perpetual capital instruments	23(b)	15,508,522	15,820,411
Non-controlling interests		73,392,691	72,838,844
<b>Total equity</b>		<b>194,041,309</b>	195,987,922

The accompanying notes are an integral part of these condensed consolidated financial statements.



# Condensed Consolidated Financial Statements (Continued)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Attributable to owners of the Company										Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000	Share-based payments reserve RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital instruments RMB'000		Non-controlling interests RMB'000
Balance at 1 January 2023												
As previously reported (audited)	8,434,771	1,788,736	12,833,268	13,196,217	20,389	3,049	(261,076)	69,959,391	105,974,745	15,820,411	70,543,321	192,338,477
- Adjustment for business combination under common control (Note 26)	-	-	666,717	59,990	-	-	4,144	623,071	1,353,922	-	2,295,523	3,649,445
Balance at 1 January 2023, as restated (unaudited)	8,434,771	1,788,736	13,499,985	13,256,207	20,389	3,049	(256,932)	70,582,462	107,328,667	15,820,411	72,838,844	195,987,922
Profit for the period	-	-	-	-	-	-	-	1,404,107	1,404,107	264,368	2,745,489	4,413,964
Other comprehensive income/(expense), net of tax:												
Actuarial gain on defined benefit obligations (Note 22)	-	-	7,971	-	-	-	-	-	7,971	-	3,945	11,916
Currency translation differences	-	-	-	-	-	-	57,267	-	57,267	-	20,005	77,272
Share of associates' other comprehensive income	-	-	54,674	-	-	-	96,075	-	150,749	-	-	150,749
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	(33,676)	-	-	(33,676)	-	(23,363)	(57,039)
Total comprehensive income/(expense) for the period (unaudited)	-	-	62,645	-	-	(33,676)	153,342	1,404,107	1,586,418	264,368	2,746,076	4,596,862
Dividends paid (Note 10)	-	-	-	-	-	-	-	(3,188,343)	(3,188,343)	-	-	(3,188,343)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,792,574)	(2,792,574)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	(277,325)	-	(277,325)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	-	1,995,880	-	1,995,880
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	-	(2,294,812)	-	(2,294,812)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	238,854	238,854
Share of reserve in associates	-	-	(6,920)	-	-	-	-	-	(6,920)	-	-	(6,920)
Business combination under common control	-	-	(3,488,075)	-	-	-	-	2,720,599	(767,476)	-	-	(767,476)
Increase in non-controlling interests as a result of acquisition of subsidiaries (Note 24(a))	-	-	-	-	-	-	-	-	-	-	166,938	166,938
Disposal of subsidiaries (Note 24(b))	-	-	-	(2,303)	-	-	-	10,522	8,219	-	(2,737)	5,482
Decrease in non-controlling interests as result of acquisition of additional interests in subsidiaries without change in control (Note 25(a))	-	-	20,491	-	-	-	-	-	20,491	-	(47,762)	(27,271)
Deemed partial disposal of interests in subsidiaries without losing control (Note 25(b))	-	-	(45,258)	-	-	-	-	-	(45,258)	-	57,656	12,398
Recognition of equity-settled share-based payments of a subsidiary	-	-	26,832	-	-	-	-	-	26,832	-	18,615	45,447
Distribution to non-controlling interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(53,548)	(53,548)
Others	-	-	(321,306)	163,896	-	-	(4,726)	339,602	177,466	-	222,329	399,795
Balance at 30 June 2023 (unaudited)	8,434,771	1,788,736	9,748,394	13,417,800	20,389	(30,627)	(108,316)	71,868,949	105,140,096	15,508,522	73,392,691	194,041,309

# Condensed Consolidated Financial Statements (Continued)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000	Hedging reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2022											
As previously reported (audited)	8,434,771	1,788,736	11,113,884	12,634,530	(4,605)	(158,349)	68,064,435	101,873,402	16,809,142	59,941,879	178,624,423
- Adjustment for business combination under common control	-	-	133,144	78,773	-	3,686	215,602	431,205	-	503,135	934,340
Balance at 1 January 2022, as restated (unaudited)	8,434,771	1,788,736	11,247,028	12,713,303	(4,605)	(154,663)	68,280,037	102,304,607	16,809,142	60,445,014	179,558,763
Profit for the period	-	-	-	-	-	-	5,593,583	5,593,583	345,429	4,014,221	9,953,233
Other comprehensive income/ (expense), net of tax:											
Actuarial gain on defined benefit obligations	-	-	2,833	-	-	-	-	2,833	-	549	3,382
Currency translation differences	-	-	-	-	-	739	-	739	-	1,638	2,377
Share of associates' other comprehensive income	-	-	(2,364)	-	-	(10,307)	-	(12,671)	-	-	(12,671)
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	3,347	-	-	3,347	-	3,515	6,862
Total comprehensive income/(expense) for the period (unaudited)	-	-	469	-	3,347	(9,568)	5,593,583	5,587,831	345,429	4,019,923	9,953,183
Dividends paid (Note 10)	-	-	-	-	-	-	(5,845,296)	(5,845,296)	-	-	(5,845,296)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(3,002,958)	(3,002,958)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	(218,684)	-	(218,684)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	3,993,910	-	3,993,910
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	(1,507,150)	-	(1,507,150)
Contributions from non-controlling interests	-	-	1,286,765	-	-	-	-	1,286,765	-	3,114,436	4,401,201
Acquisition of subsidiaries (Note 24(a))	-	-	-	-	-	-	-	-	-	139,235	139,235
Deemed disposal of subsidiaries (Note 24(c))	-	-	45,526	(11,314)	-	-	15,358	49,570	-	(181,243)	(131,673)
Decrease in non-controlling interests as result of acquisition of additional interests in subsidiaries without change in control (Note 25(a))	-	-	(67,651)	-	-	-	-	(67,651)	-	(220,239)	(287,890)
Deemed partial disposal of interests in subsidiaries without losing control (Note 25(b))	-	-	295,462	-	-	-	-	295,462	-	1,215,788	1,511,250
Recognition of equity-settled share-based payments of a subsidiary	-	-	14,412	-	-	-	-	14,412	-	-	14,412
Others	-	-	92,660	5,518	-	-	(634,212)	(536,034)	-	(283)	(536,317)
Balance at 30 June 2022 (unaudited)	8,434,771	1,788,736	12,914,671	12,707,507	(1,258)	(164,231)	67,409,470	103,089,666	19,422,647	65,529,673	188,041,986

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Financial Statements (Continued)

## STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
<b>Net cash generated from operating activities</b>	<b>8,382,008</b>	11,450,347
<b>Investing activities</b>		
Purchases of property, plant and equipment	(8,517,393)	(12,502,315)
Payments for right-of-use assets	(293,032)	(519,213)
Purchases of intangible assets	(2,562,730)	(1,506,019)
Net cash outflow from acquisition of subsidiaries (Note 24(a))	(77,114)	(142,700)
Net cash inflow from disposal of subsidiaries (Note 24(b))	5,424	14,413
Net cash outflow from deemed disposal of subsidiaries (Note 24(c))	–	(886,115)
Acquisition of interests in associates	(129,600)	(185,072)
Acquisition of interests in joint venture	(100,000)	–
Business combination under common control	(767,476)	–
Other investing cash inflows, net	2,022,106	3,404,041
<b>Net cash used in investing activities</b>	<b>(10,419,815)</b>	(12,322,980)

# Condensed Consolidated Financial Statements (Continued)

## STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
<b>Financing activities</b>		
Interest paid	(3,089,313)	(3,740,341)
Dividends paid to shareholders	(3,188,343)	(5,845,296)
Dividends paid to the non-controlling interests of subsidiaries	(3,031,121)	(3,525,807)
Repayment of borrowings	(55,100,769)	(62,453,496)
New borrowings raised	72,046,119	80,009,137
Repayment of lease liabilities	(235,707)	(321,135)
Payments for acquisition of additional interests in subsidiaries (Note 25(a))	(27,271)	(287,890)
Deemed partial disposal of interest in subsidiaries without losing control (Note 25 (b))	12,398	1,511,250
Contributions from non-controlling interests	238,854	4,401,201
Issue of perpetual capital instruments, net of issuance cost	1,995,880	3,993,910
Redemption of perpetual capital instruments	(2,294,812)	(1,507,150)
Other financing cash inflow/(outflow), net	261,885	(1,102,842)
<b>Net cash generated from financing activities</b>	<b>7,587,800</b>	<b>11,131,541</b>
Net increase in cash and cash equivalents	5,549,993	10,258,908
Cash and cash equivalents at 1 January	26,990,449	28,609,962
Effect of foreign exchange rate changes	(15,595)	142,528
Cash and cash equivalents at 30 June	32,524,847	39,011,398

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 1. General information

China National Building Material Company Limited (the “Company” or “CNBM”) was established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”) on 28 March 2005. On 23 March 2006, the Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The registered office and principal place of business of the Company are located at Tower 2 (Building B), Guohai Plaza, 17 Fuxing Road, Haidian District, Beijing, the PRC.

The Company’s immediate and ultimate holding company is China National Building Material Group Co., Ltd. (the “Parent”), a state-owned enterprise established on 3 January 1984 under the laws of the PRC.

The Company is an investment holding company. Its subsidiaries are mainly engaged in basic building materials, new materials and engineering technical services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

The condensed consolidated financial statements are presented in Renminbi (“RMB”) which is the functional currency of the Company, unless otherwise stated.

The condensed consolidated financial statements have not been audited.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 2. Basis of preparation and accounting policies

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”).

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in Group’s annual financial statements for the year ended 31 December 2022.

As stated in Note 26, certain comparative figures for the six months ended 30 June 2022 have been restated to reflect the effect of business combination under common control occurred during the second half of 2022 and the first half of 2023.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 2. Basis of preparation and accounting policies (Continued)

#### (a) Business combination under common control

On 21 November 2022, CNBM Investment Company Limited (“CNBM Investment”) (a subsidiary of the Company) entered into two individual equity transfer agreements with China National Building Material Import and Export Co., Ltd. (“CNBM Trading”) (a wholly-owned subsidiary of the Parent) to acquire 100% equity interests of China National Building Material International New Zealand Co., Ltd. (“CNBM New Zealand”) and 100% equity interests of China National Building Material International Singapore Company (“CNBM Singapore”) at a consideration of RMB36,642,000 (“CNBM New Zealand Acquisition”) and RMB36,908,000 (“CNBM Singapore Acquisition”), respectively. The CNBM New Zealand Acquisition and CNBM Singapore Acquisition were completed on 30 November 2022 and since then CNBM New Zealand and CNBM Singapore have become subsidiaries of the Group.

As CNBM New Zealand, CNBM Singapore and the Company are controlled by the Parent, the CNBM New Zealand Acquisition and CNBM Singapore Acquisition have been accounted for based on the principles of merger accounting.

On 21 November 2022, CNBM Investment entered into an equity transfer agreement with CNBM Elink Co., Ltd. (“CNBM Elink”) (a wholly-owned subsidiary of CNBM Trading) to acquire 100% equity interests of CNBM Overseas Economic Cooperation Co., Ltd. (“CNBM Overseas”) at a consideration of RMB309,348,000 (“CNBM Overseas Acquisition”). The CNBM Overseas Acquisition was completed on 30 November 2022 and since then China Overseas has become a subsidiary of the Group.

As CNBM Overseas and the Company are controlled by the Parent, the CNBM Overseas Acquisition has been accounted for based on the principles of merger accounting.

On 21 November 2022, CNBM Investment entered into an equity transfer agreement with Beijing New Building Material (Group) Co., Ltd. (a wholly-owned subsidiary of the Parent) to acquire 73.79% equity interests of Beijing New Building Materials Tanzania Company Limited (“BNBM Tanzania”) at a consideration of RMB79,288,000 (“BNBM Tanzania Acquisition”). The BNBM Tanzania Acquisition was completed on 30 November 2022 and since then BNBM Tanzania has become a subsidiary of the Group.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 2. Basis of preparation and accounting policies (Continued)

#### (a) Business combination under common control (Continued)

As BNBM Tanzania and the Company are controlled by the Parent, the BNBM Tanzania Acquisition has been accounted for based on the principles of merger accounting.

On 25 November 2022, Sinoma International Engineering Co., Ltd. (“Sinoma International”) (a subsidiary of the Company) entered into an equity transfer agreement with CNBM Elink to acquire 100% equity interests of CNBM Smart Industry Technology Co., Ltd. (“CNBM Smart”) at a consideration of RMB377,000,000 (“CNBM Smart Acquisition”). The CNBM Smart Acquisition was completed on 31 December 2022 and since then CNBM Smart has become a subsidiary of the Group.

As CNBM Smart and the Company are controlled by the Parent, the CNBM Smart Acquisition has been accounted for based on the principles of merger accounting.

On 26 August 2022, Sinoma International entered into an equity transfer agreement with China Building Materials Academy (“Building Materials Academy”) (a wholly-owned subsidiary of the Parent) to acquire 100% equity interests of Hefei Cement Research & Design Institute Corporation Ltd. (“Hefei Institute”) at a consideration of RMB3,647,200,000 (“Hefei Institute Acquisition”). The Hefei Institute Acquisition was completed on 31 January 2023 and since then Hefei Institute has become a subsidiary of the Group.

As Hefei Institute and the Company are controlled by the Parent, the Hefei Institute Acquisition has been accounted for based on the principles of merger accounting.

On 14 February 2023, CNBM Investment entered into an equity transfer agreement with China Jushi Co., Ltd. (a subsidiary of the Parent) to acquire 100% equity interests of BNS Company Limited (“BNS”) at a consideration of RMB90,402,700 (“BNS Acquisition”). The BNS Acquisition was completed on 28 February 2023 and since then BNS has become a subsidiary of the Group.

As BNS and the Company are controlled by the Parent, the BNS Acquisition has been accounted for based on the principles of merger accounting.



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 2. Basis of preparation and accounting policies (Continued)

#### (a) Business combination under common control (Continued)

On 28 April 2023, BNBM Coating Limited Company (a subsidiary of the Company) entered into an equity transfer agreement with the Parent to acquire 51% equity interests of Tianjin Beacon Coatings Co., Ltd. (“Beacon Coatings”) at a consideration of RMB129,993,000 (“Beacon Coatings Acquisition”). The Beacon Coatings Acquisition was completed on 30 April 2023 and since then Beacon Coatings has become a subsidiary of the Group.

As Beacon Coatings and the Company are controlled by the Parent, the Beacon Coatings Acquisition has been accounted for based on the principles of merger accounting.

The condensed consolidated financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The condensed consolidated financial statements as at 31 December 2022 and for the six months ended 30 June 2022 has been restated as a result of adoption of merger accounting for the above business combinations under common control.

The details of the relevant balances have been disclosed in Note 26 to the condensed consolidated financial statements.

#### (b) Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 2. Basis of preparation and accounting policies (Continued)

#### (b) Application of amendments to IFRSs (Continued)

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. Estimates

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### 4. Financial risk factors

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the risk management policies during the current period.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.2 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

#### 4.3 Fair value measurement of financial instruments

(a) *Financial instruments that are measured at fair value on a recurring basis*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Derivative financial instruments	–	15,478	–	15,478
Financial assets at fair value through profit or loss	3,687,744	–	6,911,506	10,599,250
<b>Total assets (unaudited)</b>	<b>3,687,744</b>	<b>15,478</b>	<b>6,911,506</b>	<b>10,614,728</b>
<b>Liabilities</b>				
Derivative financial instruments	–	104,278	–	104,278
<b>Total liabilities (unaudited)</b>	<b>–</b>	<b>104,278</b>	<b>–</b>	<b>104,278</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Derivative financial instruments	–	31,551	–	31,551
Financial assets at fair value through profit or loss	4,063,445	–	7,881,357	11,944,802
<b>Total assets, as restated (unaudited)</b>	4,063,445	31,551	7,881,357	11,976,353
<b>Liabilities</b>				
Derivative financial instruments	–	23,757	–	23,757
<b>Total liabilities (audited)</b>	–	23,757	–	23,757

During the six months ended 30 June 2023, there were no significant transfers between levels of the financial assets and financial liabilities.

During the six months ended 30 June 2023, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The fair value of financial instruments traded in active market is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The instruments are included in Level 1. Instruments includes in Level 1 comprise primarily Hong Kong Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange equity investments classified as trading securities.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of financial guarantee contracts is estimated by the management with reference to the financial condition of the guarantee, which were considered as Level 3 valuation.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

Information about Level 3 fair value measurements:

Financial assets	Fair value at 30 June 2023	Fair value at 31 December 2022	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
	RMB'000	RMB'000 (restated) (unaudited)		
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB4,352,733	Bank deposits in Mainland China with non-closely related embedded derivative: RMB5,342,610	Discounted cash flows  Key unobservable inputs are: Expected yields of 1.99% to 4.00% (31/12/2022: 1.12% to 3.62%) of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note (i))	The higher the discount rate, the lower the fair value  The higher the expected yield, the higher the fair value
Unlisted equity shares classified as financial assets at fair value through profit or loss	Unlisted equity shares, amounts of RMB2,558,773	Unlisted equity shares, amounts of RMB2,538,747	Market comparable companies  Key unobservable input: Discount for lack of marketability: 24.0%-26.9% (31/12/2022: 24.0%-26.9%) (Note (ii))	The higher the discount for lack of marketability, the lower the fair value

Note:

- (i) The management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.
- (ii) The fair value of unlisted equity instruments is determined using the price/earnings ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2023, it is estimated that with all other variable held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the group's profit or loss by RMB13.22 million.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 4. Financial risk factors (Continued)

#### 4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

Reconciliation of level 3 fair value measurements

	Financial assets at fair value through profit or loss RMB'000
At 1 January 2022, as restated (unaudited)	6,590,300
Total loss recognised in profit or loss	(17,571)
Additions	20,488,578
Disposals	(19,179,950)
At 31 December 2022, as restated (unaudited)	7,881,357
Total gains recognised in profit or loss	35,191
Additions	12,193,304
Disposals	(13,198,346)
As at 30 June 2023 (unaudited)	6,911,506

(b) *Financial instruments that are not measured at fair value on a recurring basis*

The management considers that the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values.



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information

For management purposes, the Group is currently organised into five major operating divisions during the period – cement, concrete, new materials, engineering technology services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	–	Production and sale of cement
Concrete	–	Production and sale of concrete
New materials	–	Production and sale of fiberglass, composite and light building materials
Engineering technology services	–	Provision of engineering services to glass and cement manufacturers and equipment procurement
Others	–	Merchandise trading business and others

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2023 and year ended 31 December 2022.

The segment results are disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortisation, net other income, central administration costs, net finance costs, share of results of associates, share of results of joint ventures and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information (Continued)

#### (a) For the six months ended 30 June 2023:

The segment results for the six months ended 30 June 2023 are as follows:

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering technology services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Revenue							
External sales							
On a point of time basis	44,727,194	13,734,114	23,307,691	34,759	4,751,316	-	86,555,074
On over time basis	-	-	-	15,818,822	-	-	15,818,822
	44,727,194	13,734,114	23,307,691	15,853,581	4,751,316	-	102,373,896
Inter-segment sales (Note)	4,345,452	14,245	108,380	4,382,192	6,706,934	(15,557,203)	-
	49,072,646	13,748,359	23,416,071	20,235,773	11,458,250	(15,557,203)	102,373,896
<b>Adjusted EBITDA (unaudited)</b>	<b>7,217,250</b>	<b>916,561</b>	<b>5,137,753</b>	<b>1,811,530</b>	<b>(302,520)</b>	<b>-</b>	<b>14,780,574</b>
Depreciation and amortisation	(5,623,494)	(390,394)	(1,340,914)	(219,156)	(127,371)	-	(7,701,329)
Share of results of associates	201,204	2,635	11,665	6,794	777,021	-	999,319
Share of results of joint ventures	-	-	(3,486)	-	(505)	-	(3,991)
Finance costs, net	(1,959,809)	(293,097)	(216,494)	14,012	(233,454)	-	(2,688,842)
Unallocated other income, net							153,242
Unallocated administrative expenses							(23,482)
Unallocated finance cost, net							29,250
Profit before tax							5,544,741
Income tax expense							(1,130,777)
<b>Profit for the period (unaudited)</b>							<b>4,413,964</b>

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

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information (Continued)

#### (b) As at 30 June 2023:

The segment assets and liabilities as at 30 June 2023 are as follows:

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>							
Segment assets	246,013,896	49,716,036	75,828,252	34,845,489	10,057,783	-	416,461,456
Interests in associates	7,093,440	118,773	2,792,426	692,243	19,460,218	-	30,157,100
Interests in joint ventures	130,090	-	92,421	-	-	-	222,511
Unallocated assets							56,773,628
<b>Total consolidated assets (unaudited)</b>							<b>503,614,695</b>
<b>Liabilities</b>							
Segment liabilities	152,590,436	17,078,221	34,380,799	29,752,749	10,742,972	-	244,545,177
Unallocated liabilities							65,028,209
<b>Total consolidated liabilities (unaudited)</b>							<b>309,573,386</b>

Segment assets include all tangible assets, intangible assets and current assets with the exception of interests in associates and joint ventures and other corporate assets. Segment liabilities include trade and other payables, borrowings, lease liabilities and bills payable attributable to sales activities of each segment with the exception of deferred income, dividends payable to non-controlling interests, amounts due to related companies, current income tax liabilities, deferred tax liabilities, employee benefits payables and corporate expense payables.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information (Continued)

#### (c) For the six months ended 30 June 2022:

The segment results for the six months ended 30 June 2022 are as follows:

	Cement RMB'000	Concrete RMB'000	New materials RMB'000 (restated)	Engineering technology services RMB'000 (restated)	Others RMB'000 (restated)	Eliminations RMB'000 (restated)	Total RMB'000 (restated)
Revenue							
External sales							
On a point of time basis	53,413,428	17,658,852	21,991,100	35,134	3,027,040	-	96,125,554
On over time basis	-	-	-	15,757,949	-	-	15,757,949
	53,413,428	17,658,852	21,991,100	15,793,083	3,027,040	-	111,883,503
Inter-segment sales (Note)	485,941	19,448	101,413	4,698,062	7,369,518	(12,674,382)	-
	53,899,369	17,678,300	22,092,513	20,491,145	10,396,558	(12,674,382)	111,883,503
<b>Adjusted EBITDA (unaudited)</b>	11,882,944	1,886,077	5,702,575	1,110,394	(382,537)	-	20,199,453
Depreciation and amortisation	(5,252,248)	(515,048)	(1,261,675)	(103,818)	(115,824)	-	(7,248,613)
Share of results of associates	444,624	-	66,404	11,942	1,386,741	-	1,909,711
Share of results of joint ventures	267	-	(1,952)	-	-	-	(1,685)
Finance costs, net	(2,068,263)	(466,352)	(330,836)	12,278	(135,088)	-	(2,988,261)
Unallocated other income, net							110,657
Unallocated administrative expenses							(15,254)
Unallocated finance cost, net							513
Profit before tax							11,966,521
Income tax expense							(2,013,288)
<b>Profit for the period (unaudited)</b>							9,953,233

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

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information (Continued)

#### (d) As at 31 December 2022:

The segment assets and liabilities as at 31 December 2022 are as follows:

	Cement	Concrete	New materials	Engineering technology services	Others	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(restated)	(restated)	(restated)	(restated)	(restated)
<b>Assets</b>							
Segment assets	240,948,103	52,303,553	69,719,857	35,373,224	8,823,013	-	407,167,750
Interests in associates	10,251,788	-	1,273,763	534,171	17,868,013	-	29,927,735
Interests in joint ventures	30,595	-	95,907	-	-	-	126,502
Unallocated assets							52,121,513
<b>Total consolidated assets</b>							
<b>(unaudited)</b>							<b>489,343,500</b>
<b>Liabilities</b>							
Segment liabilities	138,075,023	18,617,683	32,278,227	27,363,767	8,852,985	-	225,187,685
Unallocated liabilities							68,167,893
<b>Total consolidated liabilities</b>							
<b>(unaudited)</b>							<b>293,355,578</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 5. Segment information (Continued)

- (e) A reconciliation of total adjusted profit before finance costs, income tax expense, depreciation and amortisation and corporate items is provided as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Adjusted EBITDA for reportable segments	15,083,094	20,581,990
Adjusted EBITDA for other segments	(302,518)	(382,537)
Total segments profit	14,780,576	20,199,453
Depreciation of property, plant and equipment	(5,563,802)	(5,400,993)
Depreciation of right-of-use assets	(1,138,387)	(1,186,207)
Amortisation of intangible assets	(999,140)	(661,413)
Corporate items	129,758	95,403
Operating profit	7,209,005	13,046,243
Finance costs, net	(2,659,592)	(2,987,748)
Share of results of associates	999,319	1,909,711
Share of results of joint ventures	(3,991)	(1,685)
Profit before tax	5,544,741	11,966,521

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 6. Investment and other income, net

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Government subsidies:		
– VAT refunds (Note (a))	422,463	505,333
– Government grants (Note (b))	559,037	797,389
– Interest subsidy	9,471	–
Gain on disposal of subsidiaries, net (Note 24(b))	399	1,966
Gain on deemed disposal of subsidiaries (Note 24(c))	–	290,008
Gain on deemed disposal of associates	–	30,692
Gain on disposal of other investments	25,987	4,455
Decrease in fair value of financial assets at fair value through profit or loss, net	(381,695)	(1,001,352)
Increase/(decrease) in fair value of derivative financial instruments, net	33,979	(21,444)
Net rental income:		
– Investment properties	57,280	21,988
– Land and building	74,724	82,468
– Equipment	9,489	6,201
Gain on disposal of property, plant and equipment	14,382	659,091
Gain on disposal of intangible asset	25,443	201,011
Technical and other service income	220,215	294,942
Claims received	37,511	40,880
Waiver of payables	81,309	58,213
Others	(33,560)	190,100
	<b>1,156,434</b>	<b>2,161,941</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 6. Investment and other income, net (Continued)

Notes:

- (a) The State Council of the PRC issued a “Notice Encouraging Comprehensive Utilisation of Natural Resources” (the “Notice”) in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise natural resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that utilise industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.
- (b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

### 7. Finance costs, net

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Interest expenses on bank borrowings	2,136,219	2,118,066
Interest expenses on lease liabilities	59,409	66,765
Interest expenses on bonds and other borrowings	1,026,806	1,304,680
Less: interest capitalised to construction in progress	(133,121)	(74,086)
	<b>3,089,313</b>	<b>3,415,425</b>
Interest income:		
– interest on bank deposits	(309,363)	(394,191)
– interest on loan receivables	(120,358)	(33,486)
	<b>(429,721)</b>	<b>(427,677)</b>
Finance costs, net	<b>2,659,592</b>	<b>2,987,748</b>



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 8. Profit before tax

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

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Depreciation of:		
Property, plant and equipment	5,563,802	5,400,994
Investment properties	23,482	15,254
Right-of-use assets	1,138,387	1,186,207
	6,725,671	6,602,455
Amortisation of intangible assets	999,140	661,411
Total depreciation and amortisation	7,724,811	7,263,866
Impairment loss on property, plant and equipment	–	32,533
Cost of inventories recognised as expenses	77,613,163	89,493,310
Staff costs	10,523,805	10,366,384
Gain on disposal of property, plant and equipment and intangible assets, net	(39,825)	(860,101)
Write-down of inventories	8,728	9,386
Net foreign exchange losses/(gain)	9,486	(38,587)

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 9. Income tax expense

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(restated) (unaudited)
Current income tax	1,423,368	2,456,803
Deferred income tax	(292,591)	(443,515)
	1,130,777	2,013,288

PRC income tax is calculated at 25% (2022: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% (2022: 15%) entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2023 and 2022 at the rates of taxation prevailing in the countries in which the Group operates.

### 10. Dividends

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends	3,188,343	5,845,296

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 10. Dividends (Continued)

During the period, dividend of RMB0.378 per share amounting to approximately RMB3,188.34 million in aggregate (six months ended 30 June 2022: RMB0.693 per share amounting to approximately RMB5,845.30 million in aggregate) was announced as the final dividend for the immediate preceding financial year.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (Interim dividend for the six months ended 30 June 2022: RMBnil).

### 11. Earnings per share

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(restated) (unaudited)
Profit attributable to owners of the Company	1,404,107	5,593,583

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	8,434,771	8,434,771

No adjustments to the above data has been made in calculating diluted earnings per share as the Group did not have any potential ordinary shares outstanding during both periods.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 12. Property, plant and equipment

#### Six months ended 30 June 2023

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>Net book value</b>					
As at 1 January 2023					
As previously reported (audited)	18,697,803	97,612,532	75,676,681	1,679,728	193,666,744
Business combination under common control	501,047	574,721	74,291	4,428	1,154,487
As at 1 January 2023, as restated (unaudited)	19,198,850	98,187,253	75,750,972	1,684,156	194,821,231
Additions	9,387,033	1,507,844	1,538,779	109,830	12,543,486
Acquisition of subsidiaries (Note 24(a))	85,402	82,429	21,831	439	190,101
Transfer from construction in progress	(4,068,228)	1,626,331	2,441,897	–	–
Transfer to construction in progress for reconstruction	27,421	(5,391)	(22,030)	–	–
Transfer from investment properties	–	695	–	–	695
Transfer to investment properties	–	(160)	–	–	(160)
Disposals	(709,477)	(2,199,582)	(1,216,222)	(60,136)	(4,185,417)
Disposals of subsidiaries (Note 24(b))	–	(4,103)	(480)	(816)	(5,399)
Depreciation and impairment	–	(1,735,745)	(3,692,269)	(135,788)	(5,563,802)
Net book value as at 30 June 2023 (unaudited)	23,921,001	97,459,571	74,822,478	1,597,685	197,800,735

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 12. Property, plant and equipment (Continued)

#### Year ended 31 December 2022

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2022					
As previously reported (audited)	15,034,861	93,888,126	70,575,796	1,857,590	181,356,373
Business combination under common control	339,625	97,438	53,917	3,744	494,724
As at 1 January 2022, as restated (unaudited)	15,374,486	93,985,564	70,629,713	1,861,334	181,851,097
Additions	20,498,905	2,510,709	3,081,431	322,817	26,413,862
Acquisition of subsidiaries	371,484	435,555	175,947	3,742	986,728
Transfer from construction in progress	(16,740,383)	6,313,063	10,394,388	32,932	–
Transfer to construction in progress for reconstruction	370,689	(249,501)	(119,929)	(1,259)	–
Transfer from investment properties	2,380	278	–	–	2,658
Transfer to investment properties	(363,680)	(128,444)	–	–	(492,124)
Disposals	(112,348)	(662,570)	(747,441)	(167,086)	(1,689,445)
Disposals of subsidiaries	–	(2,708)	(3,381)	(617)	(6,706)
Deemed disposal of subsidiaries	(190,751)	(337,966)	(301,327)	(3,477)	(833,521)
Depreciation and impairment	(11,932)	(3,676,727)	(7,358,429)	(364,230)	(11,411,318)
Net book value as at 31 December 2022, as restated (unaudited)	19,198,850	98,187,253	75,750,972	1,684,156	194,821,231

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 12. Property, plant and equipment (Continued)

At the reporting date, the carrying amount of the Group's property, plant and equipment pledged to secure the bank borrowings granted to the Group is analysed as follows:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (restated) (unaudited)
Construction in progress	1,371,739	1,411,410
Land and buildings	424,913	418,173
Plant and machinery	713,381	184,286
	<b>2,510,033</b>	2,013,869

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 13. Right-of-use assets

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (restated) (unaudited)
Leasehold lands	22,173,971	21,966,994
Leased properties	2,709,180	2,804,000
Plant and machinery	3,503,732	4,193,042
Motor vehicles	164,766	178,652
	<b>28,551,649</b>	29,142,688

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 year to 43 years (six months ended 30 June 2022: 2 years to 23 years). On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB413.50 million (six months ended 30 June 2022: approximately RMB519.21 million).

As at 30 June 2023, the Group has pledged right-of-use assets with a carrying amount of approximately RMB241.01 million (31 December 2022: RMB194.39 million) to secure the bank borrowings granted to the Group.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 14. Goodwill

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (unaudited)
At the beginning of the period/year		
As previous reported (audited)	32,569,114	32,323,232
Business combination under common control	65,349	12,200
At the beginning of the period/year, as restated (unaudited)	32,634,463	32,335,432
Arising from acquisition of subsidiaries (Note 24(a))	34,717	439,536
Deregistration of a subsidiary	–	(28,171)
Impairment for the period/year	–	(121,120)
Exchange difference	18,721	8,786
At the end of the period/year	32,687,901	32,634,463

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Cement	25,958,227	25,958,227
Concrete	5,197,917	5,166,576
New materials	516,952	516,952
Engineering services	918,887	897,612
Others	95,918	95,096
	32,687,901	32,634,463

No impairment loss in relation to goodwill is recognised for the periods ended 30 June 2023 and 2022.



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 15. Interests in associates

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Cost		
– listed in the PRC	1,495,189	1,495,189
– listed in Hong Kong	740,095	740,095
– unlisted	12,017,853	12,103,534
Share of post-acquisition profit, net of dividend received	15,903,965	15,588,917
	<b>30,157,102</b>	29,927,735
Fair value of listed investments	<b>18,060,426</b>	17,903,863

As at 30 June 2023, included in the cost of associates is goodwill of approximately RMB1,637.10 million (31 December 2022: approximately RMB1,637.10 million) arising on acquisition of associates.

### 16. Deposits

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Investment deposits for acquisition of subsidiaries	–	23,567
Investment deposits for acquisition of associates	29,484	29,484
Deposits paid to acquire property, plant and equipment	998,754	1,474,826
Deposits paid to acquire intangible assets	1,031,269	743,229
Deposits paid to acquire right-of-use assets	174,191	288,581
	<b>2,233,698</b>	2,559,687

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 17. Trade and other receivables

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(restated)
		(unaudited)
Trade receivables, net of allowance for credit losses	<b>58,217,476</b>	53,246,824
Bills receivable	<b>11,453,895</b>	14,561,407
Contract assets	<b>5,137,859</b>	4,105,529
Other receivables, deposits and prepayments	<b>22,606,096</b>	19,627,253
	<b>97,415,326</b>	91,541,013
Analysed for reporting purposes:		
Non-current portion	<b>5,036,441</b>	4,100,405
Current portion	<b>92,378,885</b>	87,440,608
	<b>97,415,326</b>	91,541,013

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 17. Trade and other receivables (Continued)

The Group normally allowed an average of credit periods of 60 to 180 days to its trade customers except for customers of engineering services segment, for which the credit periods are normally ranging from 1 to 2 years. The ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date is as follows:

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (restated) (unaudited)
Within two months	<b>15,242,780</b>	13,577,997
More than two months but within one year	<b>25,549,572</b>	21,869,645
Between one and two years	<b>10,835,921</b>	11,844,615
Between two and three years	<b>4,156,319</b>	3,406,835
Over three years	<b>2,432,884</b>	2,547,732
	<b>58,217,476</b>	53,246,824

The carrying amounts of trade and other receivables approximate to their fair values. Bills receivable is aged within six months.

As at 30 June 2023, bills receivable with carrying amounts of approximately RMB1,680.09 million (31 December 2022 (restated): RMB1,887.08 million) is pledged to secure bank loans granted to the Group.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 18. Financial assets at fair value through profit or loss

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Financial assets at fair value through profit or loss:		
– Equity shares listed outside Hong Kong	1,844,774	1,713,973
– Equity shares listed in Hong Kong	1,842,970	2,349,472
– Structured deposits (Note)	4,352,733	5,342,610
– Unlisted equity shares	2,558,773	2,538,747
	<b>10,599,250</b>	11,944,802
Analysed for reporting purposes:		
Non-current portion	3,576,808	3,877,229
Current portion	7,022,442	8,067,573
	<b>10,599,250</b>	11,944,802

Note: During the period ended 30 June 2023 and year ended 31 December 2022, the Group entered into certain investments with certain financial institutions. The investment, based on respective contracts, have maturity dates within 3 months.

### 19. Pledged bank deposits

As at 30 June 2023, the Group pledged approximately RMB3,840.11 million bank deposits (31 December 2022 (restated): approximately RMB4,277.17 million), which is denominated in RMB, to banks of the Group to secure the bank borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry interest at market rates which ranging from 0.03% to 8.00% (the year ended 31 December 2022: ranging from 0.25% to 4.70%) per annum.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 20. Trade and other payables

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (restated) (unaudited)
Within two months	<b>18,438,719</b>	21,151,992
More than two months but within one year	<b>24,306,559</b>	22,493,039
Between one and two years	<b>4,351,619</b>	3,093,672
Between two and three years	<b>1,014,545</b>	737,460
Over three years	<b>2,068,254</b>	2,105,741
Trade payables	<b>50,179,696</b>	49,581,904
Bills payable	<b>17,929,421</b>	17,451,185
Contract liabilities	<b>10,974,697</b>	10,519,709
Other payables	<b>20,987,343</b>	24,168,862
	<b>100,071,157</b>	101,721,660

The credit period on purchase of goods and services provided from suppliers is 90 to 365 days. Bills payable is aged within six months.

The ageing analysis of trade payables is based on the invoice date.

The carrying amounts of trade and other payables approximate to their fair values.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 21. Borrowings

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
Bank borrowings	147,549,218	127,294,649
Bonds	44,734,305	45,600,000
Borrowings from other financial institutions	1,176,721	1,341,437
	<b>193,460,244</b>	174,236,086
Secured	7,229,117	5,985,353
Unsecured	186,231,127	168,250,733
	<b>193,460,244</b>	174,236,086
Analysed for reporting purposes:		
Non-current portion	115,775,966	96,547,625
Current portion	77,684,278	77,688,461
	<b>193,460,244</b>	174,236,086

The interest rates of the borrowings are ranging from 0.74% to 15.00% per annum during the period (the year ended 31 December 2022: ranging from 0.75% to 13.00%).

As at 30 June 2023, borrowings of approximately RMB5,256.00 million (31 December 2022: approximately RMB5,569.00 million) are provided by an associate, which is a fellow subsidiary of the Company before it became an associate, during the year ended 31 December 2022.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 21. Borrowings (Continued)

At the end of the reporting period, the carrying amounts of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(restated)
		(unaudited)
Property, plant and equipment (Note 12)	<b>2,510,033</b>	2,013,869
Right-of-use assets (Note 13)	<b>241,013</b>	194,392
Investment properties	<b>1,043</b>	1,058
Intangible assets	<b>5,868,519</b>	6,014,503
Cash and cash equivalents (Note 19)	<b>3,840,106</b>	4,271,467
Bills receivable (Note 17)	<b>1,680,086</b>	1,887,080
	<b>14,140,800</b>	14,382,369

### 22. Employee benefits payable

The Group operates unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its employees in the PRC who retired prior to 31 December 2006. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2006. The Group ceased to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in the PRC who leave the Group after 31 December 2006.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 22. Employee benefits payable (Continued)

The movements of employee benefit payable are as follows:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
At the beginning of the period/year	493,877	428,055
Interest expense	2,215	12,450
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	28,626	71,425
– Actuarial gains recognised in the period/year	(11,916)	(4,053)
– Past service cost, including losses on curtailments	(5,299)	56,551
Benefits paid	(38,028)	(70,551)
At the end of the period/year	469,475	493,877
Analysed for reporting purposes:		
Non-current portion	441,465	426,769
Current portion	28,010	67,108
	469,475	493,877



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 23. Share capital and perpetual capital instruments

#### (a) Share capital

	Domestic share (Note (i))		H Shares (Note (ii))		Total capital RMB'000
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000	
Registered and paid up shares of RMB1.0 each					
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	3,876,624,162	3,876,624	4,558,146,500	4,558,147	8,434,771

Notes:

- (i) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.
- (ii) H shares are ordinary shares listed in the Hong Kong Stock Exchange subscribed for, traded in and credited as fully paid up in Hong Kong Dollars by persons other than PRC government and/or PRC incorporated entities only.
- (iii) Unlisted Foreign Shares are non-overseas listed ordinary shares subscribed for and credited as fully paid up in foreign currency by persons other than PRC government and/or PRC incorporated entities only.

Other than the specific requirements on the holders of the shares as set out in Notes (i), (ii) and (iii) the shares mentioned above rank pari passu in all respects with each other.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 23. Share capital and perpetual capital instruments (Continued)

#### (b) Perpetual capital instruments

During the six months ended 30 June 2023, the Company issued the perpetual interest-bearing debentures in an aggregate principal amounts of approximately RMB2,000.00 million (six months ended 30 June 2022: RMB4,000.00 million) with coupon rates ranging from 2.87% to 3.03% (six months ended 30 June 2022: 2.99% to 3.13%). The net proceeds after deducting the issuance cost amounted to approximately RMB1,995.88 million (six months ended 30 June 2022: RMB3,993.91 million). Unless a mandatory interest payment event has occurred, on each interest payment date of the perpetual interest-bearing debentures, the Company can elect to defer payment of interest due and all interest deferred pursuant to this term and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The aforesaid deferral of interest shall not constitute a default by the Company. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral. The perpetual interest-bearing debentures have no maturity date and will continue indefinitely until redeemed by the Company in accordance with their terms. The Company is entitled to redeem the perpetual capital instruments at par value plus payable interest (including all deferred interest) on the third and each of the subsequent interest payment dates of the perpetual interest-bearing debentures. If the Company does not exercise the right of redemption, the coupon rate will be reset every three years from the third interest-bearing year onwards.

Besides, during the six months ended 30 June 2023, the Company redeemed the perpetual interest-bearing debentures in an aggregate principal amounts of approximately RMB2,294.81 million (six months ended 30 June 2022: RMB1,500.00 million) and settled the principals and interests amounted to approximately RMB2,572.14 million (six months ended 30 June 2022: RMB1,507.15 million) in aggregate.

### 24. Acquisition and disposals of subsidiaries

#### (a) Acquisition of subsidiaries not under common control

During the six months ended 30 June 2023, the Group acquired 2 (six months ended 30 June 2022: 4) subsidiaries. The acquired subsidiaries and business are principally engaged in the provision of logistic services related to sale of concrete and engineering services.

These acquisitions have been accounted for using the acquisition method.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 24. Acquisition and disposals of subsidiaries (Continued)

#### (a) Acquisition of subsidiaries not under common control (Continued)

Summary of assets acquired and liabilities recognised in the transactions during the periods ended 30 June 2023 and 2022, and the goodwill arising, are as follows:

	2023 RMB'000	2022 RMB'000
Net assets acquired:		
Property, plant and equipment ( <i>note 12</i> )	190,101	158,686
Right-of-use assets	–	164
Investment properties	155,348	45,273
Intangible assets	28,921	60,513
Deferred income tax assets	–	923
Inventories	–	33,745
Financial assets at fair value through profit or loss	568	–
Trade and other receivables	64,633	307,067
Pledged bank deposit	–	2,553
Cash and cash equivalents	21,807	56,967
Trade and other payables	(6,663)	(207,040)
Current income tax liabilities	(6,739)	(844)
Borrowings	–	(70,677)
Deferred income tax liabilities	(27,834)	(10,363)
Non-controlling interests	–	685
Net assets	420,142	377,652
Non-controlling interests ( <i>Note (i)</i> )	(166,938)	(139,235)
Goodwill	34,717	23,459
Total consideration	287,921	261,876

## Condensed Consolidated Financial Statements (Continued)

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

#### 24. Acquisition and disposals of subsidiaries (Continued)

##### (a) Acquisition of subsidiaries not under common control (Continued)

	2023 RMB'000	2022 RMB'000
Total consideration satisfied by:		
Cash	98,921	199,667
Other payables	–	62,209
Prepayments	189,000	–
	<b>287,921</b>	<b>261,876</b>
Net cash outflow arising on acquisition of subsidiaries:		
Cash consideration paid	<b>(98,921)</b>	(199,667)
Less: cash and cash equivalents acquired	<b>21,807</b>	56,967
Net cash outflow from acquisition of subsidiaries	<b>(77,114)</b>	(142,700)

Notes:

- (i) The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of the acquired subsidiaries and business.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 24. Acquisition and disposals of subsidiaries (Continued)

#### (a) Acquisition of subsidiaries not under common control (Continued)

The goodwill arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement, concrete and engineering services operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the revenue and profit for the period ended 30 June 2022 were approximately RMB100.6 million and RMB6.5 million respectively attributable to the additional business mainly generated by these newly acquired cement and concrete companies.

Had these business combinations been effective at 1 January 2022, the revenue and profit for the period ended 30 June 2022 of the Group would be approximately RMB108,997.3 million and RMB5,443.5 million, respectively.

Included in the revenue and profit for the period ended 30 June 2023 are approximately RMB1.94 million and loss of RMB4.87 million respectively attributable to the additional business generated by these newly acquired companies.

Had these business combinations been effective at 1 January 2023, the revenue and profit for the period ended 30 June 2023 of the Group would be approximately RMB102,397.50 million and profit of RMB4,411.56 million, respectively. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 24. Acquisition and disposals of subsidiaries (Continued)

#### (b) Disposal of subsidiaries

During the six months ended 30 June 2023 and 2022, the Group disposed its equity interests in certain subsidiaries to third parties. The net assets of these disposed subsidiaries at the date of disposal were as follows:

	2023 RMB'000	2022 RMB'000
Net assets disposed of:		
Property, plant and equipment (Note 12)	5,399	6,706
Right-of-use assets	390	53
Deferred income tax assets	3,719	401
Inventories	1,553	947
Trade and other receivables	21,117	12,057
Cash and cash equivalents	58	–
Trade and other payables	(23,573)	(6,856)
Current income tax liabilities	(70)	(861)
Lease liabilities	(397)	–
Deferred income tax liabilities	(376)	–
Net assets disposed of	7,820	12,447
Gain on disposal of subsidiaries, net:		
Consideration received and receivable	5,482	14,413
Non-controlling interests	2,737	–
Net assets disposed of	(7,820)	(12,447)
Gain on disposal of subsidiaries, net (Note 6)	399	1,966
Net cash inflow arising from disposal of subsidiaries:		
Cash consideration	5,482	14,413
Cash and cash equivalents disposed of	(58)	–
Net cash inflow from disposal of subsidiaries	5,424	14,413

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 24. Acquisition and disposals of subsidiaries (Continued)

#### (c) Deemed disposal of subsidiaries

On 29 June 2022, Sinoma Advanced Materials Co., Ltd. (“Sinoma Advanced”) (a non-wholly owned subsidiary of the Company) entered into the Capital Contribution Agreement with the Company, China National Materials Group Corporation Ltd. (“Sinoma Parent”) (a wholly-owned subsidiary of the Parent), Building Materials Academy, Beijing New Building Material Public Limited Company (“BNBM”) and the non-controlling shareholder of Sinoma Advanced, pursuant to which, Sinoma Parent, Building Materials Academy, BNBM and the non-controlling shareholder of Sinoma Advanced agreed to make a capital contribution totalling RMB979.20 million to Sinoma Advanced on a basis of RMB4.69/registered capital. Upon completion of the Capital Contribution on 29 June 2022, the registered capital of Sinoma Advanced increased from RMB167.15 million to RMB375.79 million. The Company, Sinoma Parent, Building Materials Academy, BNBM and the non-controlling shareholder of Sinoma Advanced held approximately 44.33%, 26.56%, 28.35%, 0.41% and 0.35% equity interests in Sinoma Advanced, respectively. At the same time, Sinoma Parent entered into an equity transfer agreement with Building Materials Academy, pursuant to which, Sinoma Parent transferred its 26.56% equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, so that Building Materials Academy became the controlling shareholder of Sinoma Advanced holding approximately 54.91% equity interests in Sinoma Advanced. Accordingly, the Group lost control of Sinoma Advanced and Sinoma Advanced ceased to be a subsidiary of the Company and become an associated company of the Company. The net assets of Sinoma Advanced as at the date of deemed disposal were as follows:

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 24. Acquisition and disposals of subsidiaries (Continued)

#### (c) Deemed disposal of subsidiaries (Continued)

	RMB'000
Net assets disposed of:	
Property, plant and equipment ( <i>note 12</i> )	833,521
Right-of-use assets	165,828
Intangible assets	36,653
Interests in associates	182,836
Deposits	81,662
Deferred income tax assets	10,001
Inventories	335,678
Trade and other receivables	207,552
Pledged bank deposits	38,834
Cash and cash equivalents	886,115
Trade and other payables	(938,577)
Borrowings	(1,127,290)
Current income tax liabilities	(4,761)
Dividend payable to non-controlling interests	(3,045)
Deferred income	(31,282)
Deferred income tax liabilities	(645)
Net assets disposed of:	673,080
Gain on deemed disposal:	
Net assets disposed of	(673,080)
Non-controlling interests	181,243
Fair value of the equity interest in Sinoma Advanced held by the Group as interest in an associate (44.33%)	781,845
Gain on deemed disposal of subsidiaries, net	290,008
Net cash outflow of cash on a deemed disposal:	
Cash and cash equivalents	(886,115)



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 25. Transactions with non-controlling interests

#### (a) Acquisition of additional interests in subsidiaries without change in control

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Carrying amount of non-controlling interests acquired	47,762	220,239
Consideration paid to non-controlling interests	(27,271)	(287,890)
Deficit/(excess) consideration paid recognised within parent's equity	20,491	(67,651)

Details of the Group's significant acquisitions of additional interests in subsidiaries without change in control during the six months ended 30 June 2022 is as follows:

Sichuan Shuyang Waterproof Materials Co., Ltd. (“四川蜀羊防水材料有限公司”) (“Shuyang Waterproof”)

During the period ended 30 June 2022, the Group acquired additional equity interests in Shuyang Waterproof at a consideration of approximately RMB230.85 million. After that, the Group's effective equity interests in Shuyang Waterproof increased from 70% to 100%. The Group recognised a decrease in non-controlling interests of approximately RMB182.29 million and a decrease in equity attributable to owners of the Company of approximately RMB48.56 million.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 25. Transactions with non-controlling interests (Continued)

#### (b) Deemed partial disposal of interests in subsidiaries without losing control

	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Carrying amount of equity interest disposed of to non-controlling interests	(57,656)	(1,215,788)
Capital contributed by non-controlling interests	12,398	1,511,250
(Loss)/gain on disposal within equity	(45,258)	295,462

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the period ended 30 June 2022 as follows:

#### New Tianshan Cement

During the period ended 30 June 2022, New Tianshan Cement issued and allotted 314,616,887 subscription shares to independent subscribers at an aggregate consideration of RMB4,230.32 million, which were listed on the Shenzhen Stock Exchange on 25 February 2022. After the issuance of the additional shares, the Company's equity interest in New Tianshan Cement was reduced from 87.70% to 84.52%. The Group recognised an increase in equity attributable to owners of the Company of approximately RMB1,160.35 million and an increase in non-controlling interest of approximately RMB3,069.98 million.

### 26. Business combination under common control

As mentioned in Note 2(a) to the condensed consolidated financial statements, the acquisitions of Hefei Institute, BNS and Beacon Coatings have been accounted for based on merger accounting.

As CNBM New Zealand, CNBM Singapore, CNBM Oversea, BNBM Tanzania and CNBM Smart were acquired during the year ended 31 December 2022, its financial position has already been included in the consolidated statement of financial position of the Group as at 31 December 2022 as previously reported.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 26. Business combination under common control (Continued)

The reconciliation of the effect arising from the business combination under common control on the consolidated statements of financial position as at 31 December 2022 are as follow:

As at 31 December 2022

	The Group, as previously reported RMB'000	Hefei Institute RMB'000	BNS RMB'000	Beacon Coatings RMB'000	Adjustments RMB'000	Consolidated RMB'000
<b>Non-current assets</b>						
Property, plant and equipment	193,666,744	929,365	134	224,988	-	194,821,231
Right-of-use assets	28,813,118	276,498	-	53,072	-	29,142,688
Investment properties	1,477,881	6,286	-	-	-	1,484,167
Goodwill	32,569,114	20,456	-	-	44,893	32,634,463
Intangible assets	28,932,891	6,948	-	74	-	28,939,913
Interests in associates	29,965,697	29,355	-	-	(67,317)	29,927,735
Interests in joint ventures	126,502	-	-	-	-	126,502
Financial assets at fair value						
through profit or loss	3,877,229	-	-	-	-	3,877,229
Deposits	2,549,440	9,979	-	268	-	2,559,687
Trade and other receivables	3,233,288	867,117	-	-	-	4,100,405
Deferred income tax assets	7,551,871	57,515	1,021	1,728	-	7,612,135
Derivative financial instruments	3,482	-	-	-	-	3,482
	332,767,257	2,203,519	1,155	280,130	(22,424)	335,229,637
<b>Current assets</b>						
Inventories	23,947,488	594,955	-	13,036	-	24,555,479
Trade and other receivables	85,261,541	2,231,938	98,775	131,274	(282,920)	87,440,608
Financial assets at fair value						
through profit or loss	7,637,051	430,373	-	149	-	8,067,573
Derivative financial instruments	28,069	-	-	-	-	28,069
Amounts due from related parties	2,795,371	98,015	-	1,572	(140,440)	2,754,518
Pledged bank deposits	4,004,621	266,846	5,700	-	-	4,277,167
Cash and cash equivalents	26,025,935	908,134	48,353	8,027	-	26,990,449
	149,700,076	4,530,261	152,828	154,058	(423,360)	154,113,863

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 26. Business combination under common control (Continued)

	The Group, as previously reported RMB'000	Hefei Institute RMB'000	BNS RMB'000	Beacon Coatings RMB'000	Adjustments RMB'000	Consolidated RMB'000
<b>Current liabilities</b>						
Trade and other payables	99,036,514	2,556,637	70,979	197,970	(140,440)	101,721,660
Amounts due to related parties	6,006,367	355,246	–	2,197	(315,296)	6,048,514
Borrowings – amount due within one year	77,530,998	57,463	–	100,000	–	77,688,461
Lease liabilities	377,650	4,349	–	–	–	381,999
Derivative financial instruments	21,822	–	–	–	–	21,822
Employee benefits payable	67,108	–	–	–	–	67,108
Current income tax liabilities	2,111,502	98,764	427	2,145	–	2,212,838
Dividends payable to non- controlling interests	1,007,508	8,206	–	–	–	1,015,714
	186,159,469	3,080,665	71,406	302,312	(455,736)	189,158,116
<b>Net current (liabilities)/assets</b>	(36,459,393)	1,449,596	81,422	(148,254)	32,376	(35,044,253)
<b>Total assets less current liabilities</b>	296,307,864	3,653,115	82,577	131,876	9,952	300,185,384
<b>Non-current liabilities</b>						
Borrowings – amount due after one year	96,547,625	–	–	–	–	96,547,625
Deferred income	2,364,781	33,519	–	–	–	2,398,300
Lease liabilities	1,832,376	–	–	–	–	1,832,376
Employee benefits payable	239,598	187,171	–	–	–	426,769
Deferred income tax liabilities	2,983,072	7,385	–	–	–	2,990,457
Derivative financial instruments	1,935	–	–	–	–	1,935
	103,969,387	228,075	–	–	–	104,197,462
<b>Net assets</b>	192,338,477	3,425,040	82,577	131,876	9,952	195,987,922

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 26. Business combination under common control (Continued)

	The Group, as previously reported RMB'000	Hefei Institute RMB'000	BNS RMB'000	Beacon Coatings RMB'000	Adjustments RMB'000	Consolidated RMB'000
<b>Capital and reserves</b>						
Share capital	8,434,771	982,521	90,000	100,000	(1,172,521)	8,434,771
Reserves	97,539,974	1,908,322	(7,423)	31,876	(578,853)	98,893,896
<b>Equity attributable to:</b>						
Owners of the Company	105,974,745	2,890,843	82,577	131,876	(1,751,374)	107,328,667
Holders of perpetual capital instruments	15,820,411	–	–	–	–	15,820,411
Non-controlling interests	70,543,321	534,197	–	–	1,761,326	72,838,844
<b>Total equity</b>	<b>192,338,477</b>	<b>3,425,040</b>	<b>82,577</b>	<b>131,876</b>	<b>9,952</b>	<b>195,987,922</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 26. Business combination under common control (Continued)

The reconciliation of the effect arising from the business combination under common control on the condensed consolidated statement of profit or loss for the six months ended 30 June 2022 is as follow:

	The Group excluding CNBM Smart, CNBM Oversea, CNBM Singapore, CNBM New Zealand, BNBM Tanzania, Hefei Institute, BNS and Beacon Coatings	CNBM Smart	CNBM Oversea	CNBM Singapore	CNBM New Zealand	BNBM Tanzania	Hefei Institute	BNS	Beacon Coatings	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	108,962,840	140,308	737,157	-	2,982	170,435	2,230,091	496,394	98,872	(955,576)	111,883,503
Cost of sales	(87,906,975)	(109,363)	(651,387)	-	(3,051)	(155,440)	(1,792,689)	(490,449)	(80,878)	955,576	(90,234,656)
Gross profit	21,055,865	30,945	85,770	-	(69)	14,995	437,402	5,945	17,994	-	21,648,847
Investment and other income, net	2,068,900	305	1,272	-	-	-	91,372	65	27	-	2,161,941
Selling and distribution costs	(1,692,010)	(8,951)	(18,150)	-	(371)	(7,153)	(13,304)	(670)	(2,121)	-	(1,742,730)
Administrative expenses	(8,915,585)	(6,076)	(14,575)	(567)	(485)	(3,318)	(189,928)	(2,770)	(4,082)	-	(9,137,386)
Finance costs, net	(3,014,189)	(1,171)	(1,826)	(172)	14	(3,671)	33,313	(231)	185	-	(2,987,748)
Share of results of associates	1,915,171	(3,350)	-	-	-	-	1,756	-	-	(3,866)	1,909,711
Share of results of joint ventures	(1,685)	-	-	-	-	-	-	-	-	-	(1,685)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net	157,199	(3,336)	29	-	-	(465)	(37,075)	534	(1,315)	-	115,571
<b>Profit/(loss) before tax</b>	<b>11,573,666</b>	<b>8,366</b>	<b>52,520</b>	<b>(739)</b>	<b>(911)</b>	<b>388</b>	<b>323,536</b>	<b>2,873</b>	<b>10,688</b>	<b>(3,866)</b>	<b>11,966,521</b>
Income tax expense	(1,958,146)	(1,674)	(11,274)	-	-	-	(38,658)	(738)	(2,798)	-	(2,013,288)
<b>Profit/(loss) for the period</b>	<b>9,615,520</b>	<b>6,692</b>	<b>41,246</b>	<b>(739)</b>	<b>(911)</b>	<b>388</b>	<b>284,878</b>	<b>2,135</b>	<b>7,890</b>	<b>(3,866)</b>	<b>9,953,233</b>
<b>Profit/(loss) for the period attributable to:</b>											
Owners of the Company	5,447,595	5,770	41,246	(739)	(911)	388	221,695	2,135	7,890	(131,486)	5,593,583
Holders of perpetual capital instruments	345,429	-	-	-	-	-	-	-	-	-	345,429
Non-controlling interests	3,822,496	922	-	-	-	-	63,183	-	-	127,620	4,014,221
	9,615,520	6,692	41,246	(739)	(911)	388	284,878	2,135	7,890	(3,866)	9,953,233

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 26. Business combination under common control (Continued)

The effect of business combinations under common control described above, on the Group's basic and diluted earnings per share for the six months ended 30 June 2022 is as follows:

	<b>Impact on earnings per share</b> <i>RMB</i> (unaudited)
Reported figures before restatement	0.646
Restatement arising from business combinations under common control	0.017
Restated	0.663

The effect of business combinations under common control described above, on the Group's profit for the six months ended 30 June 2022 is as follows:

	<b>Profit</b> <i>RMB'000</i> (unaudited)
Reported figures before restatement	9,615,520
Restatement arising from business combinations under common control	337,713
Restated	9,953,233

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 27. Commitments

	<b>30 June 2023 RMB'000 (unaudited)</b>	31 December 2022 RMB'000 (audited)
Capital expenditure of the Group contracted but not provided in the condensed consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	<b>6,131,130</b>	5,822,078

### 28. Contingent liabilities and litigation

#### The Gypsum Board Litigation in the United States

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBM, relating to the gypsum board incident in the United States and the announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third-quarterly report, the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report, the 2021 annual report, the 2022 interim report and the 2022 annual report of the Company, setting out information on the subsequent development of the gypsum board litigation in the United States.



# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 28. Contingent liabilities and litigation (Continued)

#### The Gypsum Board Litigation in the United States (Continued)

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd.\* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, “Taishan”), entered into a class settlement agreement (the “Settlement Agreement”) with the counsels acting for the plaintiff Settlement Class (the “Settlement”). As of the date of this report, Taishan’s payment obligations under the Settlement Agreement have been completely performed.

In May 2020, the district court in the U.S. issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, the litigation of 41 plaintiffs have been concluded, and the litigation of the remaining 49 plaintiffs will be ongoing.

In addition to the multi-district consolidated litigation cases involved in the above settlements, there has also been litigation brought by builders and suppliers. Among them, The Mitchell Co., Inc against Knauf Gips KG has been settled and the settlement payment has been made, and other cases are still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclose if and when necessary or appropriate.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions

In addition to the related party information shown elsewhere in the condensed consolidated financial statements, the following is a summary of significant related party transactions entered into between the Group and its related parties in the ordinary course of business during the period and balances as at the end of the reporting date.

#### (a) Transactions with related parties:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Provision of production supplies to		
– The Parent Group	509,538	780,380
– Associates	63,047	40,583
– Joint ventures	19,292	5,479
– Non-controlling interests of subsidiaries	17,424	91,346
	<b>609,301</b>	<b>917,788</b>
Provision of support services to		
– The Parent Group	2,177	2,320
– Associates	157	770
– Non-controlling interests of subsidiaries	858	898
	<b>3,192</b>	<b>3,988</b>
Rental income received from		
– The Parent Group	54,675	6,346
– Associates	9,985	2,761
	<b>64,660</b>	<b>9,107</b>
Rendering of engineering services to		
– The Parent Group	12,341	1,355
– Associates	238,762	248
– Joint ventures	36,378	84,987
– Non-controlling interests of subsidiaries	28,598	566
	<b>316,079</b>	<b>87,156</b>
Interest income received from the Parent Group	4,432	–

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions (Continued)

#### (a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(restated) (unaudited)
Provision of production supplies by		
– The Parent Group	3,097,458	2,455,264
– Associates	34,705	27,386
– Joint ventures	5,855	7,091
– Non-controlling interests of subsidiaries	–	25,976
	<b>3,138,018</b>	<b>2,515,717</b>
Provision of support services by		
– The Parent Group	77,002	89,459
– Associates	1,214	1,915
– Joint ventures	–	7,310
– Non-controlling interests of subsidiaries	76	–
	<b>78,292</b>	<b>98,684</b>
Supplying of equipment by		
– The Parent Group	89,157	14,444
– Associates	2,852	–
– Joint ventures	74	–
	<b>92,083</b>	<b>14,444</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions (Continued)

#### (a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (restated) (unaudited)
Interest expenses paid to		
– The Parent Group	70,807	6,702
– Non-controlling interests of subsidiaries	3,935	–
	<b>74,742</b>	<b>6,702</b>
Provision of engineering services by		
– The Parent Group	154,588	256,436
– Associates	3,721	2,416
	<b>158,309</b>	<b>258,852</b>
Supply of raw materials (limestone and clay) by		
– The Parent Group	30,178	7,044
Rental paid to		
– The Parent Group	34,693	32,033
– Associates	1,415	–
– Non-controlling interests of subsidiaries	1,423	–
	<b>37,531</b>	<b>32,033</b>
Provision of other financial services by the Parent Group	415	143

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions (Continued)

#### (b) Amounts due from/(to) related parties:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (restated) (unaudited)
<b>Amounts due from related parties</b>		
Trading in nature:		
– Fellow subsidiaries	925,873	850,383
– Associates	511,279	460,109
– Joint ventures	203,631	167,531
– Immediate holding company	–	500
– Non-controlling interests of subsidiaries	147,905	117,686
	<b>1,788,688</b>	<b>1,596,209</b>
Non-trading in nature:		
– Fellow subsidiaries	1,329,241	963,447
– Associates	160,016	79,508
– Joint ventures	57,532	3
– Immediate holding company	1	13
– Non-controlling interests of subsidiaries	15,480	115,338
	<b>1,562,270</b>	<b>1,158,309</b>
	<b>3,350,958</b>	<b>2,754,518</b>
<b>Amounts due to related parties</b>		
Trading in nature:		
– Fellow subsidiaries	1,366,362	1,300,801
– Associates	191,833	302,127
– Joint ventures	37,298	16,138
– Immediate holding company	9	9
– Non-controlling interests of subsidiaries	89,494	85,846
	<b>1,684,996</b>	<b>1,704,921</b>
Non-trading in nature:		
– Fellow subsidiaries	3,194,975	3,087,426
– Associates	6,736	75,814
– Joint ventures	270	1,157
– Immediate holding company	880,718	989,916
– Non-controlling interests of subsidiaries	235,440	189,280
	<b>4,318,139</b>	<b>4,343,593</b>
	<b>6,003,135</b>	<b>6,048,514</b>

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions (Continued)

#### (b) Amounts due from/(to) related parties: (Continued)

The carrying amounts of amounts due from and to related parties approximate to their fair values. All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

As at 30 June 2023, amounts due from related parties of approximately RMB500.09 million and RMB77.32 million (31 December 2022: RMB589.32 million and RMB98.90 million) carry the fixed interest rate of 3.85% to 5.00% (31 December 2022: 3.85% to 5.00%) per annum and variable interest rate of 4.75% to 4.85% (31 December 2022: 2.70% to 3.00%) per annum respectively. The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2023, amounts due to related parties of approximately RMB325.60 million and RMB3,909.92 million (31 December 2022: RMB2,062.05 and RMB85.97 million) carry the fixed interest rate of 1.00% to 3.08% (31 December 2022: 3.00% to 4.75%) per annum and variable interest rate of 2.85% to 3.40% (31 December 2022: 2.56% to 3.75%) per annum respectively. The remaining balances of amounts due to related parties are interest-free.

#### (c) Transactions and balances with other state-owned enterprises in the PRC

During the six months ended 30 June 2023, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits, cash and cash equivalents and borrowings as of 30 June 2023 and the relevant interest earned or paid during the period are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 29. Related party transactions (Continued)

#### (d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Short term benefits	8,546	10,283
Post-employment benefits	184	135
	<b>8,730</b>	<b>10,418</b>

### 30. Event after the reporting period

#### Merger by Absorption

According to the indicative merger agreement entered into on 28 April 2022, first supplemental agreement entered into on 28 December 2022 and second supplemental agreement entered into on 27 June 2023, Ningxia Building Materials Group Co., Limited (a subsidiary of the Company) ("Ningxia Building Materials") will become the subsisting entity and will inherit and undertake all the assets, liabilities, business, contracts, licenses, personnel and all other rights and obligation of CNBM Technology Corporation Limited (a subsidiary of the Parent) and Ningxia Building Materials will issue its shares as consideration. The abovementioned indicative merger agreement and supplemental agreements will not take effect until the relevant effective conditions are fulfilled. As of the date of this report, the transactions have not yet been completed. Details of the transactions contemplated under the Merger by Absorption are set out in the Company's announcements dated 14 April 2022, 15 April 2022, 28 April 2022, 28 December 2022, 27 June 2023 and the circular dated 28 July 2023.

# Condensed Consolidated Financial Statements (Continued)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in Renminbi)

### 31. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements set out on pages 58 to 126 have been approved and authorised for issue by the Board of Directors on 25 August 2023.



# Definitions

*In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:*

“BBMG”	北京金隅資產經營管理有限責任公司 (BBMG Assets Management Co., Ltd.)
“Beijing Composite”	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
“Beijing Triumph”	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
“BNBM”	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
“BNBM Coating”	北新塗料有限公司 (BNBM Coating Limited Company)
“BNBM PNG”	中建投巴新公司 (BNBM PNG Limited)
“BNBM Waterproof”	北新防水有限公司 (BNBM Waterproof Limited Company)
“BNBMG”	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
“Board”	the board of directors of the Company
“Building Materials Academy”	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
“CBMI Construction”	中材建設有限公司 (CBMI Construction Co., Ltd.)
“CCDRI”	成都建築材料工業設計研究院有限公司 (Chengdu Design & Research Institute of Building Materials Industry Co., Ltd.)
“Cement+”	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules

## Definitions (Continued)

“China Certification Group”	中國建材檢驗認證集團股份有限公司 (China Building Material Test & Certification Group Co., Ltd.)
“China Composites”	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
“China Jushi”	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
“China Standard Sand”	廈門艾思歐標準砂有限公司 (China ISO Standard Sand Co., Ltd.)
“China Triumph”	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
“China United Cement”	中國聯合水泥集團有限公司 (China United Cement Corporation)
“China United Tongli”	河南中聯同力材料有限公司 (Henan China United Tongli Material Co., Ltd.)
“Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
“CBMJI”	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
“CNBM Investment”	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
“CNBM Trading”	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
“CNBML Logistics”	中建投物流有限公司 (CNBML Logistics Company Limited)
“CNBMIT”	中建材物資有限公司 (CNBMIT Co., Ltd.)
“Company” or “CNBM”	中國建材股份有限公司 (China National Building Material Company Limited)
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

## Definitions (Continued)

“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
“East China Material”	華東材料有限公司 (East China Material Limited Company) (to be determined upon the approval of the business registration department)
“Finance Company”	中國建材集團財務有限公司 (China National Building Material Group Finance Co., Ltd.)
“Group”	the Company and, except where the context otherwise requires, all its subsidiaries
“Guang An BNBM”	廣安北新建材有限公司 (Guang An BNBM Building Material Company Limited)
“Guizhou Cement”	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
“Hefei Institute”	HeFei Cement Research & Design Institute Corporation Ltd.
“Heilongjiang Graphite”	CNBM Heilongjiang Graphite New Material Co., Ltd.
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRIC”	International Financial Reporting Interpretations Committee
“IFRS”	International Financial Reporting Standards
“improving efficiency, cutting expenditures and reducing costs”	improving efficiency, cutting expenditures and reducing costs
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
“Jiahua Special Cement”	嘉華特種水泥股份有限公司 (Jiahua Special Cement Company Limited)
“Jiangxi Cement”	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)

## Definitions (Continued)

“Jushi Group”	巨石集團有限公司 (Jushi Group Company Limited)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Management of Three Delicacies”	lean operation, refined management and refined organization
“MIIT”	中華人民共和國工業和信息化部 (Ministry of Industry and Information Technology of the People's Republic of China)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nanjing Triumph”	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
“Ningxia Building Materials”	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
“Ningxia Saima”	寧夏賽馬水泥有限公司 (Ningxia Saima Cement Co., Ltd.)
“North Cement”	北方水泥有限公司 (North Cement Company Limited)
“NRDI”	南京玻璃纖維研究設計院有限公司 (Nanjing Fiberglass R&D Institute Co., Ltd.)
“Parent”	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
“Parent Group”	the Parent and its subsidiaries
“PCP”	Price – Cost – Profit
“PRC”	the People's Republic of China
“Promoters”	the promoters of the Company, namely the Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading
“Qilianshan”	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
“Qilianshan Holdings”	甘肅祁連山建材控股有限公司 (Gansu Qilianshan Building Materials Holdings Company Limited)

## Definitions (Continued)

“Qingtongxia Cement”	寧夏青銅峽水泥股份有限公司 (Ningxia Qingtongxia Cement Co., Ltd.)
“reduction of “2422” pressure”	The Group’ s key performance indicators which include, among others, the reduction of account receivables and inventory; the reduction of other receivables, prepayments, interest-bearing liabilities and monetary capital; the reduction of asset-liability ratio and capital expenditure; and the reduction of the number of employees and legal persons
“Reporting Period”	from 1 January 2023 to 30 June 2023
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Saima IOT”	賽馬物聯科技(寧夏)有限公司 (Saima IOT Technology (Ningxia) Co., Ltd.)
“Sanshi Material”	浙江三獅南方新材料有限公司 (Zhejiang Sanshi South New Material Limited Company)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Sinoma”	中國中材股份有限公司 (China National Materials Company Limited), a joint stock company incorporated in the PRC with limited liability
“Sinoma (Gansu)”	中材甘肅水泥有限責任公司 (Sinoma (Gansu) Cement Co., Ltd.)
“Sinoma (Tianshui)”	天水中材水泥有限責任公司 (Sinoma (Tianshui) Cement Co., Ltd.)
“Sinoma Advanced”	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)
“Sinoma Blade”	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
“Sinoma Cement”	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
“Sinoma Graphite”	CNBM Graphite New Materials Co., Ltd.

## Definitions (Continued)

“Sinoma Handan”	邯鄲中材建設有限責任公司 (Sinoma (Handan) Construction Co., Ltd.)
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
“Sinoma Investment”	中國中材投資(香港)有限公司 (Sinoma Investment (Hong Kong) Co., Ltd.)
“Sinoma Lithium Membrane”	中材鋰膜有限公司 (Sinoma Lithium Membrane Co., Ltd.)
“Sinoma Mining”	中材礦山建設有限公司 (Sinoma Mining Construction Co., Ltd.)
“Sinoma Overseas”	中材海外工程有限公司 (Sinoma Overseas Engineering Co., Ltd.)
“Sinoma Parent”	中國中材集團有限公司 (China National Materials Group Corporation Ltd.), a wholly-owned subsidiary of the Parent
“Sinoma Science & Technology”	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
“Sinoma Suzhou”	蘇州中材建設有限公司 (Sinoma (Suzhou) Construction Co., Ltd.)
“South Cement”	南方水泥有限公司 (South Cement Company Limited)
“South China Materials”	南方新材料科技有限公司 (South New Materials Technology Company Limited)
“South Graphite”	南方石墨有限公司 (South Graphite Co., Ltd.)
“Southwest Cement”	西南水泥有限公司 (Southwest Cement Company Limited)
“State” or “PRC Government”	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee

## Definitions (Continued)

“Supervisory Committee”	the supervisory committee of the Company
“Suzhou Nonmetallic Minerals”	蘇州中材非金屬礦工業設計研究院有限公司 (Suzhou Sinoma Design and Research Institute of Non-metallic Minerals Industry Co., Ltd.)
“Taishan Fiber Glass”	泰山玻璃纖維有限公司 (Taishan Fiberglass Inc.)
“Taishan Finance”	泰安市泰山財金投資有限公司 (Taian Taishan Finance Investment Co., Ltd.)
“Taishan Gypsum”	泰山石膏有限公司 (Taishan Gypsum Co., Ltd.*)
“Taishan Investment”	泰安市泰山投資有限公司 (Taian Taishan Investment Co., Ltd.)
“TCDRI”	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)
“Tianshan Cement” or “New Tianshan Cement”	新疆天山水泥股份有限公司 (New Tianshan Cement Co., Ltd.*), New Tianshan Cement refers to Xinjiang Tianshan Cement Co., Ltd. after business integration
“Wuzhong Saima”	吳忠賽馬新型建材有限公司 (Wuzhong Saima New Building Materials Co., Ltd.)
“Xinjiang Cement”	新疆天山水泥有限責任公司 (Xinjiang Tianshan Cement Co., Ltd.) (to be determined upon the approval of the business registration department)
“Yunnan Cement”	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
“Zhejiang Cement”	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited*)
“Zhongfu Lianzhong”	連雲港中復連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd)
“Zhongfu New Material”	中復(常州)新材料有限公司 China Composites (Changzhou) Advanced Materials Co., Ltd. (formerly known as Changzhou China Composites Liberty Co., Ltd.) (常州中復麗寶第複合材料有限公司)
“Zhongfu Shenying”	中復神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)

## Definitions (Continued)

“Zhongnan Cement”	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)
“Sinoma Suzhou Limited”	中材科技(蘇州)有限公司 (Sinoma Science & Technology (Suzhou) Co., Ltd.)
“Zhongshi Lianzhan”	Beijing Zhongshi Lianzhan Technology Co., Ltd.
“3+3”	Three domestic clients, three international clients

\* *For identification purposes only*