



CHINA SHANSHUI CEMENT GROUP LIMITED 中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 691

2025 Interim Report



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(I) Definitions

In this interim report, unless the context otherwise requires, the following words and expressions have the following meanings:

“Company” or “China Shanshui” or “Shanshui Cement”	China Shanshui Cement Group Limited
“Group” or “China Shanshui Group”	the Company and its subsidiaries
“Financial Statements”	the condensed consolidated financial statements of the Group
“Reporting Period”	the period from 1 January 2025 to 30 June 2025
“Board”	the Board of Directors of the Company
“Director(s)”	the Director(s) of the Company
“China Shanshui (HK)”	China Shanshui Cement Group (Hong Kong) Company Limited
“Pioneer Cement”	China Pioneer Cement (Hong Kong) Company Limited
“Continental Cement”	Continental Cement Corporation
“American Shanshui”	American Shanshui Development Inc.
“Shandong Shanshui”	Shandong Shanshui Cement Group Company Limited
“ACC”	Asia Cement Corporation
“CNBM Holding”	China Building Material Holdings Co., Limited
“CNBM”	China National Building Material Company Limited
“CNBMG”	China National Building Material Group Co., Ltd.
“CNBMG Group”	CNBMG and its subsidiaries
“CSI”	China Shanshui Investment Company Limited
“Tianrui”	Tianrui (International) Holding Company Limited
“Tianrui Group”	Tianrui Group Company Limited

(I) Definitions (Continued)

“Shandong Region”	business covered by Eastern Shandong Operating Region, Western Shandong Operating Region and Southern Shandong Operating Region
“Eastern Shandong Operating Region”	business located at the Eastern Shandong Province, including Weifang, Qingdao, Yantai and Weihai, etc
“Western Shandong Operating Region”	business located at the Central and Western Shandong Province, including Zibo, Jinan and Hebei Province and Tianjin, etc
“Southern Shandong Operating Region”	business located at the Southern Shandong Province, including Zaozhuang, Jining, Heze and Henan Province, etc
“Northeast China Operating Region”	business located at Liaoning Province, the Eastern Inner Mongolia and Jilin Province, etc
“Shanxi Operating Region”	business located at Shanxi Province and Shaanxi Province, etc
“Xinjiang Operating Region”	business located at Kashi, Xinjiang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	Securities and Futures Ordinance (Cap. 571) (as amended, supplemented or otherwise modified from time to time)
“Shares”	the ordinary shares in the share capital of the Company with a nominal value of US\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Articles of Association”	the amended and restated memorandum and articles of association of the Company adopted on 31 May 2024
“YOY”	year on year comparison
“clinker”	a semi-finished product in the cement production process
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC, which is the currency unit used in this report, unless otherwise specified
“PRC”	The People’s Republic of China

(II) Corporate Information

1. BOARD OF DIRECTORS AND BOARD COMMITTEES

Executive Directors

Mr. TENG Yongjun (*Chairman*)
Ms. WU Ling-ling
Ms. ZHENG Yingying

Independent Non-Executive Directors

Mr. CHANG Ming-cheng
Mr. LI Jianwei
Mr. HSU You-yuan

Audit Committee

Mr. CHANG Ming-cheng (*Chairman*)
Mr. LI Jianwei
Mr. HSU You-yuan

Remuneration Committee

Mr. LI Jianwei (*Chairman*)
Mr. CHANG Ming-cheng
Mr. HSU You-yuan

Nomination Committee

Mr. HSU You-yuan (*Chairman*)
Ms. WU Ling-ling
Ms. ZHENG Yingying
Mr. CHANG Ming-cheng
Mr. LI Jianwei

Environmental, Social and Governance Committee

Mr. TENG Yongjun (*Chairman*)
Ms. WU Ling-ling
Ms. ZHENG Yingying
Mr. CHANG Ming-cheng
Mr. LI Jianwei
Mr. HSU You-yuan

(II) Corporate Information (Continued)

2. BASIC CORPORATE INFORMATION

- | | | | |
|------|--|---|---|
| (1) | Official Chinese name of the Company | : | 中國山水水泥集團有限公司 |
| | Official English name of the Company | : | China Shanshui Cement Group Limited |
| | Abbreviation in English | : | CSC |
| (2) | Registered Office | : | P.O. Box 31119 Grand Pavilion, Hibiscus Way,
802 West Bay Road, Grand Cayman, KY1-1205,
Cayman Islands |
| (3) | Principal Place of Business in China | : | Shanshui Industrial Park, Gushan Town,
Changqing District, Jinan, Shandong, PRC |
| | Principal Place of Business in Hong Kong | : | Room 1912, 19/F, Lee Garden One,
33 Hysan Avenue, Causeway Bay, Hong Kong |
| (4) | Website | : | http://www.sdsunnsygroup.com |
| (5) | Authorised Representatives | : | TENG Yongjun and WU Ling-ling |
| (6) | Company Secretary | : | LEE Mei Yi |
| (7) | Listing Date | : | 4 July 2008 |
| (8) | Exchange on which the Company's
shares are listed | : | The Stock Exchange |
| (9) | Stock code | : | 00691 |
| (10) | Stock Short Name | : | Shanshui Cement |
| (11) | Hong Kong Share Registrar and
Transfer Office | : | Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17/F, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong |
| (12) | Legal Adviser as to Hong Kong law | : | Freshfields |
| (13) | Auditor | : | Moore CPA Limited
<i>(Public Interest Entity Auditor registered in
accordance with the Financial Reporting Council
Ordinance)</i> |

(III) Key Data

1. KEY FINANCIAL DATA

(Unit: RMB'000)

	January to June 2025	January to June 2024
Operating revenue	5,553,891	6,566,739
Gross profit	796,597	623,376
Gross profit margin	14.3%	9.5%
Loss from operations	(175,395)	(500,932)
Loss margin from operations	-3.2%	-7.6%
Loss for the period	(304,432)	(616,636)
Attributable to:		
Equity shareholders of the Company	(250,247)	(530,628)
Non-controlling shareholders	(54,185)	(86,008)
Basic loss per share (RMB) (Note)	(0.06)	(0.12)
Net cash generated from operating activities	674,814	209,713

Note: Basic loss per share is calculated based on the loss attributable to equity shareholders of the Company for each period and the weighted average number of Shares of 4,353,966,228.

	30 June 2025	31 December 2024
Total assets	29,986,308	30,222,319
Total liabilities	12,103,785	12,030,113
Total equity attributable to equity shareholders of the Company	17,922,241	18,175,647
Net gearing ratio (Note)	14.2%	14.9%

Note: Net gearing ratio = net debts/(net debts + total equity).

2. KEY BUSINESS DATA

	January to June 2025	January to June 2024
Sales volume of cement ('000 tonnes)	17,674	21,604
Sales volume of clinker ('000 tonnes)	1,920	3,027
Sales volume of concrete ('000 m ³)	694	1,141
Unit selling price of cement (RMB/tonne)	265.4	248.0
Unit selling price of clinker (RMB/tonne)	232.0	205.2
Unit selling price of concrete (RMB/m ³)	269.9	305.1

(IV) Management Discussion and Analysis

1. OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW

In the first half of 2025, the cement industry in general showed the operating characteristics of “changelessly weak demand, gradually dropping prices, and YOY improved benefits”. The demand during peak season was less than expected as compared with previous years, with insufficient starts in downstream projects and mixing plants and continuously weak market demand; besides, as affected by the unfulfillment implementation of staggered production during the peak season by certain companies, the unimplemented output based on the production capacity as approved, and the increased trans-regional price reduction impact, prices decline accelerated beyond expectations, including those, in many places, falling back sharply to a low level, resulting in increasing pressure on the companies in their operations.

I. Demand side: Changelessly weak demand

The cement market demand in the first half of 2025 continued the overall decline trend of the past three years, albeit at a slower rate. Affected by the profound real estate adjustments and the slowdown in the growth of national infrastructure investment, the lack of infrastructure capabilities and regional structural imbalance led to the cement industry facing continuous pressure. According to data from the National Bureau of Statistics, the cumulative cement output in China reached 815 million tonnes in the first half of 2025, representing a YOY decrease of 4.3%, which narrowed by 5.7 percentage points as compared with the same period the previous year.

According to data from the National Bureau of Statistics, in the first half of 2025, the national infrastructure investment (excluding electricity) increased by 4.6% year on year, 0.8 percentage point lower than the same period the previous year. The national real estate development investment was RMB4.67 trillion, with a YOY decrease of 11.2% and 1.1 percentage points higher than the same period the previous year. The construction area of residential houses by real estate development companies was 6,333 million square meters, representing a YOY decrease of 9.1%; the new construction area of residential houses by real estate development companies was 304 million square meters, representing a YOY decrease of 20%. Available funds to real estate development companies were RMB5.02 trillion, representing a YOY decrease of 6.2%.

(IV) Management Discussion and Analysis (Continued)

1. OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW (CONTINUED)

II. Supply side: Production restrictions went from tight to loose, and inventories went from low to high

In the first half of 2025, the implementation of staggered production in most provinces in east China, central and southern China region and southwestern China, other than Northeastern China, was insufficient, where production restrictions went from tight to loose and inventories went from low to high, coupled with the downturn in demand, further exacerbating the imbalance between supply and demand in the market and resulting in a predicament of “fail in staggered production”.

III. Price trend: Initially at high levels and gradually decreasing with an accelerated downturn

In the first half of 2025, the cement market prices generally showed a trend of “initially at high levels and gradually decreasing with an accelerated downturn”. According to data from CCA Digital Cement, the average transaction price of the national cement market from January to June was RMB386/tonne, with a YOY increase of 5.4%. Specifically, the price trend in the first quarter fell slightly, and the overall performance was relatively stable. The domestic cement market demand slightly exceeded expectations, and companies effectively regulated supply and demand through staggered production. However, after entering the second quarter, prices continued to fall due to changes in market supply and demand, dropping RMB20/tonne quarter on quarter, a decline that exceeded market expectations. In particular, the price in June fell RMB30/tonne as compared with the same period the previous year, resulting in the companies' cement prices in many places falling below the cost line, once again, the phenomenon of “excessive decline”.

The main factors contributing to the continuous decline in cement prices in the second quarter are as follows: firstly, there was a continuous decline in domestic cement market demand; secondly, there was a lack of contractions on the supply side of the cement market; and thirdly, there was a decline in coal prices and cost reduction.

(IV) Management Discussion and Analysis (Continued)

1. OPERATING ENVIRONMENT AND INDUSTRY OVERVIEW (CONTINUED)

IV. Benefits: Although losses were turned into gains in the first half of 2025, the pressure for the whole year was enormous

In the first quarter, the industry achieved a solid start. Cement companies, driven by multiple factors, such as policy guidance, industry self-regulation, etc., have achieved stage-by-stage results in the “anti-involution” process. On the demand side, decline slowed down, with a YOY recovery of price, coupled with the decline in coal costs, leading to cost reduction, the cement industry achieved a turnaround in losses to profits as compared with the same period the previous year. In the second quarter, the demand during peak season was less than expected as compared with previous years, cement prices fell rapidly beyond expectations, including those, in many places, falling back sharply to a low level and even below the cost line, many cement prices fell below the enterprise cost line again, resulting in increasing pressure on the companies in their operations. The cement companies’ profitability showed a significantly weaker trend quarter on quarter.

The total profit of the cement industry for the first half of 2025 is expected to reach RMB15-16 billion, which is a remarkable turnaround compared with the industry-wide loss of RMB1.1 billion in the same period the previous year, mainly attributed to the decline in coal prices and the stage recovery of cement price in the first quarter. However, the industry situation has taken a sharp turn for the worse at the end of the second quarter. From June to July, the industry experienced “decrease in both volume and price”, a severe situation that caused the profitability advantage accumulated during the first half of 2025 to be rapidly eroded. The pressure on the industry’s profitability in the second half of 2025 will remain enormous, requiring companies to take more active countermeasures.

V. Imports and exports: significant increase in exports

According to customs statistics, China’s cement exports from January to May 2025 amounted to 2.16 million tonnes, a YOY increase of 2.2%; clinker exports amounted to 1.01 million tonnes, a significant YOY increase of 365%. Increasing the cement export volume can be an effective way to ease the contradiction between supply and demand and “anti-involution”.

Looking ahead to the second half of 2025, cement demand will remain in a downward trend, with the lack of demand continuing until the end of the year. The industry’s profitability depends on changes in supply, and the price recovery is more dependent on the implementation of supply-side policies and the self-discipline of companies.

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS

As of 30 June 2025, the Group had a total production capacity of 96.93 million tonnes of cement, 52.13 million tonnes of clinker and 20.10 million cubic meters of concrete.

Revenue

The sales revenue was RMB5,553,891,000, representing a YOY decrease of 15.4%, with revenue analysis by product as follows:

(1) YOY analysis of product sales volume, unit price and revenue

Product	January to June 2025				January to June 2024			
	Sales volume	Average selling price	Amount	Proportion	Sales volume	Average selling price	Amount	Proportion
	(thousand tonnes/ thousand cubic meters)	(RMB/ tonne or cubic meter)	RMB'000		(thousand tonnes/ thousand cubic meters)	(RMB/ tonne or cubic meter)	RMB'000	
Cement	17,674	265.4	4,690,751	84.5%	21,604	248.0	5,358,386	81.6%
Clinker	1,920	232.0	445,469	8.0%	3,027	205.2	621,177	9.5%
Concrete	694	269.9	187,322	3.4%	1,141	305.1	348,070	5.3%
Others (Note)	N/A	N/A	230,349	4.1%	N/A	N/A	239,106	3.6%
Total			5,553,891	100%			6,566,739	100%

Note: Mainly includes sales of aggregates, waste materials, slag powder and waste heat power generation, etc.

During the Reporting Period, the Group's external sales volume of cement and clinker decreased by 3,930,000 tonnes and 1,107,000 tonnes respectively as compared to the same period of 2024, representing a decrease of 18.2% and 36.6%, respectively. The external sales volume of concrete decreased by 447,000 cubic meters as compared to the same period of 2024, representing a decrease of 39.2%. The decrease in sales volume of cement during the period was mainly due to the decline in demand for cement in the first half of this year as a result of the profound adjustments in the real estate industry and the slowdown in the national infrastructure investment, as well as insufficient infrastructure-driven demand and regional structural imbalances.

During the Reporting Period, the Group's average selling prices of cement and clinker increased by RMB17.4 and RMB26.8, respectively, representing an increase of 7% and 13.1%, respectively, as compared to the same period of 2024. The average price of concrete decreased by RMB35.2 as compared to the same period of 2024, representing a decrease of 11.5%.

Cement sales for concrete production within the Group amounted to 129,155 tonnes from January to June 2025 (The same period of 2024: 228,979 tonnes), accounting for 0.7% of total cement sales (The same period of 2024: 1.1%).

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS (CONTINUED)

Revenue (Continued)

(2) Comparison of sales volume and sales proportion between high and low grade cement products

Product	January to June 2025		January to June 2024		Change in sales volume
	Sales volume (‘000 tonnes)	Sales proportion	Sales volume (‘000 tonnes)	Sales proportion	
High grade cement	16,475	93.2%	20,191	93.5%	-18.4%
Low grade cement	1,199	6.8%	1,413	6.5%	-15.1%

Note: High grade cement refers to products with compressive strength equal to or higher than 42.5 megapascals (MPa).

During the Reporting Period, sales volume of high grade cement was 16,475,000 tonnes, representing a YOY decrease of 18.4%, and sales volume of low grade cement was 1,199,000 tonnes, representing a YOY decrease of 15.1%.

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS (CONTINUED)

Revenue (Continued)

(3) Cement sales volume by region

Region	January to June 2025				January to June 2024			
	Sales volume	Average selling price	Amount	Proportion	Sales volume	Average selling price	Amount	Proportion
	('000 tonnes)	(RMB/tonne)	RMB'000		('000 tonnes)	(RMB/tonne)	RMB'000	
Shandong Region	10,556	264.5	2,792,147	59.5%	12,434	251.9	3,131,560	58.4%
Eastern Shandong Operating Region	3,640	271.7	988,989	21.1%	4,019	255.7	1,027,546	19.2%
Western Shandong Operating Region	4,649	270.1	1,255,500	26.8%	5,815	258.2	1,501,553	28.0%
Southern Shandong Operating Region	2,267	241.6	547,658	11.7%	2,600	231.7	602,461	11.2%
Northeast China Operating Region	4,607	268.7	1,237,714	26.4%	5,914	236.2	1,396,722	26.1%
Shanxi Operating Region	2,159	240.7	519,652	11.1%	2,855	233.2	665,690	12.4%
Xinjiang Operating Region	352	401.2	141,238	3.0%	401	410.0	164,414	3.1%
Total	17,674	265.4	4,690,751	100%	21,604	248.0	5,358,386	100.0%

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS (CONTINUED)

Cost of sales

(Unit: RMB'000)

Cost of sales	January to June 2025		January to June 2024		Change of proportion to revenue
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Raw materials	1,565,354	28.2%	1,988,686	30.3%	-2.1 P.Pts.
Coal	1,117,891	20.1%	1,693,403	25.8%	-5.7 P.Pts.
Power	472,924	8.5%	580,841	8.8%	-0.3 P.Pts.
Depreciation and amortisation	332,993	6.0%	307,579	4.7%	1.3 P.Pts.
Others	1,268,132	22.8%	1,372,854	20.9%	1.9 P.Pts.
Total cost of sales	4,757,294	85.7%	5,943,363	90.5%	-4.8 P.Pts.

During the Reporting Period, the proportion of the Group's total cost of sales to revenue was 85.7%, representing a YOY decrease of 4.8 percentage points. In particular, the costs of raw materials, coal and power decreased by 2.1, 5.7 and 0.3 percentage points, respectively, and depreciation and amortisation costs and other costs increased by 1.3 and 1.9 percentage points, respectively, as compared with the corresponding period of the previous year.

The YOY decrease in raw materials cost was mainly attributable to the YOY decrease in sales volume of cement and clinker, as well as the decrease in the consumption of the relevant raw materials during the period. From January to June 2025, the average purchase price of coal decreased by approximately 18.9% to RMB709.9/tonne compared with the corresponding period of the previous year (RMB875.2/tonne). The unit coal consumption per tonne of clinker produced from January to June 2025 decreased to 109.1 kg from an average of 114.3 kg from January to June 2024. The average cost of coal per tonne of clinker produced from January to June 2025 decreased by 22.5% from the average of RMB100.0 from January to June 2024 to RMB77.5, due to a fall in coal prices. The YOY decrease in cost of electricity was mainly due to the decrease in electricity charge and power consumption for the period as compared with the corresponding period of the previous year. The YOY increase in depreciation and amortization costs was mainly due to the completion of capital expenditure investment projects and their reclassification to fixed assets and mining rights, and the YOY increase in depreciation and amortization during the period. Other costs were lower than those of the corresponding period of the previous year, mainly due to lower maintenance and labour costs.

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS (CONTINUED)

Gross profit and gross profit margin

The gross profit for the six months ended 30 June 2025 was RMB796,597,000 (2024: RMB623,376,000), representing a gross profit margin of 14.3% on revenue (2024: 9.5%). The YOY increases in gross profit and gross profit margin were mainly due to the YOY increase in cement prices, and the decrease in coal prices, resulting in the YOY decrease in the production cost of clinker.

Other income

Other income decreased from RMB82,755,000 to RMB68,540,000, mainly due to the decrease in interest income received during the period as compared with the same period of last year.

Other net expenses, gains and losses

Other net expenses, gains and losses increased from a net loss of RMB9,618,000 to a net gain of RMB3,621,000, mainly due to a gain in foreign exchange in the period against a loss in foreign exchange in the same period of last year.

Selling and marketing expense, administrative expense and finance expense

Selling and marketing expenses decreased from RMB133,209,000 to RMB112,724,000, representing a YOY decrease of 15.4%, which was mainly due to the decrease in sales volume of cement, resulting in a decrease in loading and unloading fees and sales and service fees during the period compared to the same period of last year.

A YOY decrease of 14.8% from RMB558,034,000 to RMB475,378,000 was recorded in administrative expense, which was mainly due to the decrease in the number of employees, resulting in a decrease in employee emolument in the period as compared with the same period of last year, and the reduction of various expenses.

(IV) Management Discussion and Analysis (Continued)

2. RESULTS OF OPERATIONS (CONTINUED)

Selling and marketing expense, administrative expense and finance expense (Continued)

Finance costs decreased from RMB90,486,000 to RMB86,325,000, representing a YOY decrease of 4.6%, which was mainly due to the decline in interest rates on borrowings in the period as compared with same period of last year.

Taxation

Income tax expenses increased from RMB21,147,000 to RMB33,902,000, representing a YOY increase of 58.3%, which was mainly due to the increase in taxable income in the period as compared with same period of last year.

Loss for the period

During the Reporting Period, the Group recorded a net loss of RMB304,432,000, representing a decrease in loss of RMB312,204,000 as compared to the same period of last year, which was mainly due to the YOY increase in cement prices, as well as the decrease to different extents in the production, selling, administrative and finance expenses and other expenses.

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY

As of 30 June 2025, total assets decreased by 0.8% to RMB29,986,308,000 (31 December 2024: RMB30,222,319,000), while total equity decreased by 1.7% to RMB17,882,523,000 (31 December 2024: RMB18,192,206,000). As at 30 June 2025, the Group's net gearing ratio was 14.2% (31 December 2024: 14.8%), calculated based on net debts and total equity as of 30 June 2025 and 31 December 2024, respectively. The decrease in net gearing ratio was mainly due to the decrease in bank borrowings and the decrease in total equity for the period.

Bank balances and cash

As at 30 June 2025, the Group's bank balances and cash, restricted bank deposits and fixed bank deposits were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Bank balances and cash	2,058,263	2,179,627
Restricted bank deposits	752,903	692,672
Fixed bank deposits	560,356	515,652
Total	3,371,522	3,387,951

Bank balances and cash, restricted bank deposits and fixed bank deposits of the Group were denominated in the following currencies as at the end of the Reporting Period:

	30 June 2025 RMB'000	31 December 2024 RMB'000
RMB	2,893,541	2,894,886
Hong Kong Dollar ("HK\$")	192,277	198,077
United States Dollar ("US\$")	285,704	294,988
Total	3,371,522	3,387,951

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Bank loans and other loans

Term of borrowings	30 June 2025 RMB'000	31 December 2024 RMB'000
Short-term borrowings (including long-term borrowings with maturity within one year)	3,869,470	3,797,750
Long-term borrowings	1,145,490	1,567,710
Total	5,014,960	5,365,460

As at 30 June 2025, all borrowings of the Group were denominated in RMB. The Group's total borrowings were RMB5,014,960,000, representing a decrease of RMB350,500,000 as compared with the end of 2024. In particular, short-term borrowings amounted to RMB3,869,470,000, accounting for 77.2% of the Group's total borrowings. As at 30 June 2025 and as of the date of this report, the Group's unused credit facilities approved by the banks amounted to RMB440,000,000, and the Group will obtain new bank loan facilities as required.

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

The Group had net current liabilities of RMB1,546,280,000 as at 30 June 2025. Taking into account the cash and bank balances, the amount of funds that the Group expects to generate internally, the new bank loan facilities and other sources of financing to be obtained, the Board believes that the Group will be able to meet its financial obligations when they fall due in the foreseeable future.

For details in relation to the total borrowings of the Company, please refer to the relevant explanation in Note 16 to the Financial Statements.

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Capital expenditures

During the Reporting Period, capital expenditures were RMB315,346,000, which were mainly used for funding investments in the new construction and technical transformation of mineral resource reserves, cement and clinker production lines. The capital required for the Group's investment and construction is mainly financed by working capital generated from daily operations and certain bank borrowings.

Outstanding capital commitments under the production facility construction contracts and the equipment purchase contracts not provided for in the financial statements as at 30 June 2025 were as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Authorised and contracted for		
— plant and equipment and intangible assets	691,971	1,085,833
Authorised but not contracted for		
— plant and equipment and intangible assets	896,783	1,093,908
Total	1,588,754	2,179,741

As of 30 June 2025, the capital commitments authorised and contracted for by the Group amounted to RMB691,971,000, which represents a decrease of RMB393,862,000 or 36.3% as compared to the end of 2024. Capital commitments authorised but not contracted for as of 30 June 2025 amounted to RMB896,783,000.

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Net cash flow analysis

	January to June 2025 RMB'000	January to June 2024 RMB'000
Net cash flow generated from operating activities	674,814	209,713
Net cash flow used in investing activities	(295,507)	(518,544)
Net cash flow (used in)/ generated from financing activities	(496,731)	474,494
Net changes in cash and cash equivalents	(117,424)	165,663
Balance of cash and cash equivalents at 1 January	2,179,627	2,254,037
Effect of foreign exchange rate changes	(3,940)	3,356
Balance of cash and cash equivalents at 30 June	2,058,263	2,423,056

Net cash generated from operating activities

During the Reporting Period, the Group recorded a net cash generated from operating activities of RMB674,814,000, representing a YOY increase of RMB465,101,000, mainly due to an increase in cash receipts as a result of a YOY increase in cement price in the period.

Net cash used in investing activities

During the Reporting Period, the Group recorded a net cash used in investing activities of RMB295,507,000, representing a YOY decrease of RMB223,037,000, mainly due to the decrease in capital expenditure for the construction of new cement and clinker production lines and the purchase of equipment and mineral reserves in the period as compared with the same period of last year.

Net cash used in financing activities

During the Reporting Period, the Group recorded a net cash used in financing activities of RMB496,731,000, representing a YOY decrease of RMB971,225,000, mainly due to the repayment of bank loans in the period against an addition of bank loans in the same period of last year.

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Material acquisition and disposal of subsidiaries and affiliated companies

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

Significant Investment

There were no significant investments held by the Group as at 30 June 2025.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, the Group does not have any solid plans for material investments or acquisition of capital assets as at 30 June 2025.

Pledge of assets

Details in relation to pledge of assets of the Group as at 30 June 2025 are set out in Note 16 to the Financial Statements.

Contingent liabilities

Details in relation to contingent liabilities of the Group as at 30 June 2025 are set out in Note 24 to the Financial Statements.

(IV) Management Discussion and Analysis (Continued)

3. FINANCIAL RESOURCE AND LIQUIDITY (CONTINUED)

Management of foreign exchange exposure

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

RMB is not a freely convertible currency. Future exchange rate of RMB may change substantially as compared to current or historical exchange rates as a result of the controls imposed by the PRC government. The exchange rate may also be subject to domestic and international economic developments and political changes as well as the supply and demand of RMB. The appreciation or depreciation of RMB against foreign currencies may have an impact on the Group's operating results.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

During the Reporting Period, the Group did not employ any financial instruments for hedging purposes.

(IV) Management Discussion and Analysis (Continued)

4. OUTLOOK FOR THE SECOND HALF OF THE YEAR

Operational situation analysis

In the first half of the year, the overall performance of the cement industry was characterised by “weak demand, fluctuating prices and improving efficiency”. The cement prices are expected to rise in the second half of 2024, the industry is off to a good start and the production costs have fallen, leading to a marked improvement in efficiency, but the demand is still weak: investment in infrastructure grew by 4.6% YOY, while investment in property development fell by 11.2%, leading to a 4.3% YOY decline in cement production to 815 million tonnes. Competition within the industry has intensified, making it difficult to implement off-peak production and highlighting the problem of overproduction. Cement prices fell significantly in the second quarter, and the price of P-O42.5 cement dropped for the first time YOY in June by about RMB30 per tonne, with the industry facing a downward inflection point. In addition, based on the objective reality of the imbalance between the economic development of the south and the north of China, the competition for shares and prices of the northern cement enterprises is even more severe.

Looking ahead to the second half of the year, the fundamental reason affecting the industry and the efficiency of enterprises will still be serious overcapacity and the pressurised price system, and the favourable factor will be that the policy and the market are forming a two-way synergy, which will prompt the industry to return to the track of healthy development. Firstly, the “elimination of ‘rat race’ competition” related policy will be overweight, the newly amended Anti-Unfair Competition Law (《反不正當競爭法》) will add provisions on the fair competition review system, and the remediation of vicious competition will be gradually incorporated into the scope of the law, which will fundamentally guarantee the stability of the market operation. Secondly, supply and clearance will be accelerated. Combined with the relevant policy requirements, the industry will begin to investigate and rectify the mismatch of production capacity in the second half of the year, coupled with the enhancement of environmental protection standards, carbon emission reduction requirements and other rigid constraints, there will be substantial progress on “de-capacity” work. Thirdly, the industry’s self-rescue will continue to strengthen its efforts, which will help improve the supply-demand relationship in the short term. Fourthly, the super project will stimulate market vitality. With the trillion-scale hydropower project in the lower reaches of the Yarlung Zangbo River started, the cement industry will benefit directly, although there are certain regional restrictions on the demand side, the significant improvement of the local market is expected to transmit dividends in a wider range.

(IV) Management Discussion and Analysis (Continued)

4. OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

Company business outlook for the second half of the year

- (I) **The Company plans to focus on cost reduction and efficiency enhancement and practice internal skills.** The Company will focus on the central work of enhancing efficiency, start from enhancing management efficiency and effectiveness, strengthen the precise benchmarking of each line, and actively explore the potential points of cost reduction and efficiency enhancement; the Company will plough into the regional market, vigorously implement the three marketing projects, unswervingly implement the off-peak production, persistently promote price stability and price resumption, and work together to stabilise the basic sales volume, so as to create a new situation in marketing; the Company will grasp the production centre, continuously optimise production organisation and on-site management, and maintain the best economic operation while keeping the bottom line of quality and safety intact. The Company will enhance the operational quality and efficiency of its supply chain, and further strengthen its support for cost reduction through multiple measures such as joint procurement, dynamic supplier selection and development of multimodal transport; the Company will keep a close eye on the safety of its cash flow, accurately control the management of controllable expenses and capital expenditure, and take the government's action to clear outstanding accounts receivable from enterprises as an opportunity to specifically promote the disposal of accounts receivable and other accounts receivable.
- (II) **The Company plans to optimise its industrial layout.** The Company will actively promote the development of industrial agglomeration in strategic regions and target markets from different latitudes of resource positioning, market positioning and matching of industrial chains, i.e. on the basis of strengthening the clinker and cement business, the Company will vigorously promote the development of the upstream and downstream industrial chains through the construction of bases for aggregates, organic sand and high-performance concrete; and the Company will actively expand industrial co-operation, focusing on improving the sales terminals, expanding and consolidating the commercial mixing business in regions where it enjoys advantages, and enlarging the terminal market share.
- (III) **The Company plans to keep its essence and discard its dross.** The Company will scientifically assess the sustainable development capability of enterprises, implement enterprise-by-enterprise management of loss-making enterprises, use market-based means to shut down and eliminate enterprises with no hope of reversing losses, and promote the steady clearing of inefficient production capacity, so as to stop the bleeding point while enhancing the concentration of production capacity; the Company will classify and dispose of long-term blood-supplying enterprises, so as to resolve the burdens; the Company will continue to optimise its stock, enhance the reuse of idle assets, and revitalise idle assets through various means such as upgrading production, mergers and reorganisations, co-operation and asset leasing, etc., so as to better focus its resources and enhance its core competitiveness.

(IV) Management Discussion and Analysis (Continued)

4. OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

Company business outlook for the second half of the year (Continued)

(IV) **The Company plans to accelerate its innovative development.** The Company will firmly implement the concept of green development, continue to deepen the research and development and use of carbon reduction, carbon lowering and carbon sequestration technologies as well as clean energy substitution, steadily push forward the ultra-low emission renovation projects of the relevant enterprises, start the construction of alternative fuel processing bases in a timely manner, and construct and improve the carbon asset management system, so as to promote the development of green and low-carbon restructuring; the Company will accelerate the empowerment of digital and intellectual technologies, comprehensively promote the use of digitalised and intelligent technologies, and further integrate new technologies such as 5G, industrial internet and artificial intelligence into the entire process of lean production, management and operation to build smart factories and smart mines. The Company will further implement its human resources strategy, and co-ordinately promote the optimisation of its personnel and organisation from the perspective of improving per capita efficiency and facilitating the matching of staff and positions to improve the input/output ratio and work efficiency.

5. EMPLOYEES AND THEIR REMUNERATION

As of 30 June 2025, the Group had a total of 13,979 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

The Group attaches great importance to training and cultivation of technical talents. To this end, the Group organizes high-standard and high-quality technical training activities for its employees every year and provides trainings to in-service employees in a planned manner by taking into account the actual situation so as to improve their skills required for work and enhance their work performance to meet the development needs of the Group. In addition, domestic health education experts and safety training experts were invited to conduct training on health knowledge and safety management for the Group's subsidiaries through video, so as to enhance employees' safety awareness, strengthen their occupational health monitoring and protect their health and safety.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors

1. CHANGES IN SHARE CAPITAL AND GENERAL INFORMATION ON THE LISTING OF SHARES

As of 30 June 2025, the Company's authorised share capital was US\$100,000,000 divided into 10,000,000,000 Shares of par value of US\$0.01 each.

During the Reporting Period, the Company has not issued new Shares.

As of 30 June 2025, the Company has issued a total of 4,353,966,228 Shares.

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

(1) Shareholdings of substantial shareholders

As of 30 June 2025, the interests or short positions of persons, other than the Directors and Chief Executive of the Company, in the Shares and underlying shares of the Company, which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register maintained under section 336 of the SFO, were as follows:

Name of shareholder	Number of Ordinary Shares interested ⁽¹⁾	Nature of interests	Percentage of Shares in issue
LI Liufa ^(2a)	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
LI Fengluan ^(2a)	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
Tianrui Group Company Limited ^(2a)	951,462,000 (L)	Interests of corporations controlled by substantial shareholder	21.85%
Tianrui (International) Holding Company Limited ^(2a)	951,462,000 (L)	Beneficial owner	21.85%
China Bohai Bank Co., Ltd. Dalian Branch ^(2b)	951,462,000 (L)	Security interest in shares	21.85%
China Shanshui Investment Company Limited ⁽³⁾	847,908,316 (L)	Beneficial owner	19.47%
ACC ⁽⁴⁾	428,393,000 (L)	Interests of corporations controlled by substantial shareholder	9.84%
	331,878,315 (L)	Beneficial owner	7.62%
	142,643,000 (L)	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO	3.28%

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(1) Shareholdings of substantial shareholders (Continued)

Name of shareholder	Number of Ordinary Shares interested ⁽¹⁾	Nature of interests	Percentage of Shares in issue
Yu Yuan Investment Corporation Limited	142,643,000 (L) 760,271,315 (L) ⁽⁵⁾	Beneficial owner Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO	3.28% 17.46%
CNBMG ⁽⁶⁾	563,190,040 (L)	Interests of corporations controlled by substantial shareholder	12.94%
CNBM ⁽⁶⁾	563,190,040 (L)	Interests of corporations controlled by substantial shareholder	12.94%
CNBM Holding ⁽⁶⁾	563,190,040 (L)	Beneficial owner	12.94%
Shen Neng International SPC – Green Planet SP ⁽⁷⁾	434,897,854(L)	Beneficial owner	9.99%
Shen Neng Investment Management Limited ⁽⁷⁾	434,897,854(L)	Beneficial owner	9.99%

Notes:

- (1) The letter "L" denotes a long position in such Shares.
- (2a) LI Liufa and LI Fengluan (spouse of LI Liufa) owned 70% and 30% respectively of Tianrui Group, which owned 100% of Tianrui.
- (2b) On 22 March 2016, Tianrui Group, the Company's substantial shareholder, notified the Company that it has pledged 791,000,000 shares of the Company in favor of China Bohai Bank Co., Ltd. Dalian Branch ("**Bohai Bank**") for a bank loan. In addition, according to the Form 2 filed on 8 June 2021 by Bohai Bank, on 25 April 2019, Tianrui Group has pledged an additional 160,462,000 Shares held by it in favour of Bohai Bank pursuant to a loan agreement entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 7 March 2019. According to the Form 2 filed on 25 July 2022 and 27 March 2023, a loan agreement entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 24 February 2022 and 20 February 2023 respectively. Tianrui Group has pledged 951,462,000 shares held by it in favour of Bohai Bank. The aggregate of 951,462,000 Shares which were pledged to Bohai Bank as described above represent all of the Shares of the Company held by Tianrui Group.
- (3) According to the Form 2 filed on 18 November 2014, ZHANG Caikui is the person in accordance with whose directions CSI or its directors are accustomed to act.
- (4) The interest in 428,393,000 shares of the Company was held by several direct or indirect subsidiaries of ACC. The interest in 142,643,000 shares of the Company was held by Yu Yuan Investment Corporation Limited, which is the party to the agreement under Section 317.
- (5) ACC is the party to the agreement under Section 317.
- (6) CNBM was a controlled corporation of CNBMG, which owned 100% of CNBM Holding.
- (7) Shen Neng International SPC – Green Planet SP is wholly owned by Shen Neng Investment Management Limited.
- (8) The number of issued shares of the Company as at 30 June 2025 was 4,353,966,228.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(1) Shareholdings of substantial shareholders (Continued)

Save as disclosed above, and so far as the Directors are aware, as at 30 June 2025, no person, other than Directors or the Chief Executive of the Company, had an interest or short position in the Shares or underlying shares of the Company which would need to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register maintained pursuant to Section 336 of the SFO.

(2) Directors' and Chief Executives' Interests in the Shares, Underlying Shares and Debentures

As of 30 June 2025, none of the Directors or the chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, which would be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

3. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

4. SHARE OPTION SCHEME

The Company adopted the Share Option Scheme pursuant to a Shareholders' resolution passed on 14 June 2008 (the "**Adoption Date**"). Save for the Share Option Scheme, the Company has no other share option scheme currently in force.

At the Adoption Date, a mandate limit was approved to allow the Company to grant options entitling holders to subscribe for Shares not exceeding 10% of the then issued Shares as at the date of the approval of the Share Option Scheme, which amounted to 260,336,000 options to subscribe for 260,336,000 Shares (the "**Existing Scheme Mandate Limit**"). During the period from the Adoption Date to the date of this report, no refreshment of the Existing Scheme Mandate Limit has been approved by the Shareholders.

Since the adoption of the Share Option Scheme, options to subscribe for 7,400,000 Shares were granted on 25 May 2011 (the closing price of the Shares as at the date of grant was HK\$7.83 per Share) and options to subscribe for 163,700,000 Shares (not including the options to subscribe for 20,000,000 Shares and 23,600,000 Shares conditionally granted to ZHANG Bin and ZHANG Caikui (ZHANG Caikui was deemed to be a substantial Shareholder due to his interest in CSI and ZHANG Bin is his associate), respectively, subject to the approval of the Shareholders which has not yet been obtained) were granted on 27 January 2015 (the closing price of the Shares as at the date of grant was HK\$3.68 per Share).

By virtue of the High Court Miscellaneous Proceedings No. 593 of 2015 ("**HCMP593/2015**"), CSI has commenced an injunction application to apply to set aside the grant of the 207,300,000 share options in early 2015. A Consent Summons with Wong & Lawyers (for CSI in its capacity as minority shareholders) and Mayer Brown (for CSI in its corporate capacity) was signed on 6 January 2016 in which the Company gave an undertaking to the High Court that it will not take steps to implement the share options offered as described in its public announcement dated 27 January 2015 until 28 days from the handing down of the judgment in relation to the substantive hearing of the Petitioner's Summons dated 17 August 2015 or until further Order of the Court.

Since no extraordinary general meeting of the Company was held for the approval of the grant of 43,600,000 options in aggregate conditionally granted to ZHANG Bin and ZHANG Caikui, such options have not been granted.

All of the options to subscribe for 7,400,000 Shares granted on 25 May 2011 were lapsed in accordance with the terms of the Share Option Scheme and therefore will not be counted for the purpose of the Existing Scheme Mandate Limit pursuant to Note 1 to Rule 17.03(3) of the Listing Rules.

The options granted on 27 January 2015 to subscribe for 163,700,000 shares have all expired in accordance with the terms of the Share Option Scheme, of which 400,000 share options lapsed during the year 2024 and 89,900,000 share options lapsed during the Reporting Period. Therefore, these lapsed options had not been counted for the purpose of the Existing Scheme Mandate Limit pursuant to Note 1 to Rule 17.03(3) of the Listing Rules.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

4. SHARE OPTION SCHEME (CONTINUED)

Details of the options are set out as follows:

Type of Grantee	Date of Grant	Vesting period	Exercise period	Exercise price	Number of Share Options				
					Outstanding as at 1 January 2025	Exercised during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2025
Other employee participants ¹	25 May 2011	Nil	25 May 2011 – 24 May 2021	HK\$7.90	-	-	-	-	-
Other employee participants ¹	27 January 2015	Six months after the date of grant	27 July 2015 – 26 January 2025	HK\$3.68	89,900,000	-	89,900,000	-	-
					89,900,000	-	89,900,000	-	-

Note:

- (1) Other employee participants include directors and employees of the Company or any of its subsidiaries in accordance with Rule 17.03A of the Listing Rules.

Pursuant to the terms of the Share Option Scheme, 89,900,000 share options lapsed on 27 January 2025. Accordingly, the Company no longer has outstanding share options under the Share Option Scheme as at 30 June 2025.

Summary of the principal terms of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive for certain eligible participants to work with commitment towards enhancing the value of the Company and the Shares for the benefit of the Shareholders, and to retain and attract talents and working partners whose contributions are or may be beneficial to the growth and development of the Group.

Subject to the original terms of the Share Option Scheme, the Board may at its discretion grant options to (i) any executive director, or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("**Invested Entity**"); (ii) any non-executive director (including independent non-executive director) of the Company, any member of the Group or any Invested Entity; (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any such person (including but not limited to consultant, adviser, contractor, business partner or service provider of the Company or any member of the Group or any Invested Entity) who in the absolute discretion of the Board has contributed or will contribute to the Group.

(V) Share Capital and Shareholdings of Substantial Shareholders and the Directors (Continued)

4. SHARE OPTION SCHEME (CONTINUED)

Summary of the principal terms of the Share Option Scheme (Continued)

In accordance with the Listing Rules, with effect from 1 January 2023, eligible participants shall only include the following persons:

1. directors and employees of the Company and its subsidiaries;
2. directors and employees of the Company's holding company, fellow subsidiaries or associated companies; and
3. persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, excluding placement agents, financial advisers or professional service providers such as auditors or valuers (collectively, the **"Eligible Participants"**).

Unless approved by the Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his options during any 12-month period exceeding 1% of the total Shares then in issue.

The options granted by the Board on 25 May 2011 had no vesting period, were valid for ten years from 25 May 2011, and have lapsed in accordance with the terms of the Share Option Scheme. The vesting period of the options granted by the Board on 27 January 2015 is 6 months from the date of grant, and the validity of which shall be ten years from 27 January 2015.

The price at which the Shares may be subscribed upon exercise of an option granted shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of grant (and which must be a business day); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

Where the Company receives, on or before the latest day for acceptance, a copy of the letter containing acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 (as consideration for the grant thereof), the option shall be deemed to have been granted and accepted by the grantee (subject to certain restrictions of the Share option Scheme). The remittance is not, in any circumstance, refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant grantee.

The Share Option Scheme is valid for ten years from 4 July 2008 (i.e. the effective date of the Share Option Scheme) and has expired on 4 July 2018, after which no further options will be granted but the provisions of the Share Option Scheme will remain in full force and effect in all other respects.

5. PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the Cayman Islands, the Company is not required to offer to its existing shareholders the pre-emptive right to acquire new shares in proportion to their shareholdings.

(VI) Major Events

1. MATERIAL LITIGATION IN THE CAYMAN ISLANDS

Cause Nos.: FSD 161 of 2018 and FSD 93 of 2019

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

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

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

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. Tianrui’s appeal is still pending and has not yet been heard.

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

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

(VI) Major Events (Continued)

1. MATERIAL LITIGATION IN THE CAYMAN ISLANDS (CONTINUED)

Cause Nos.: FSD 161 of 2018 and FSD 93 of 2019 (Continued)

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

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

On 28 November 2022, the Company applied for a validation order to make payment of the final dividend as resolved at the Annual General Meeting of the Company held on 27 May 2022, and a variation of a prior validation order dated 11 October 2018 ("**Validation Application**"). Tianrui and the Company attended a hearing before the Grand Court on 24 February 2023 in respect of this application. Subsequent to the hearing before the Grand Court on 24 February 2023, the Grand Court thoroughly considered factors such as the equal treatment of the Shareholders, the Listing Rules, and the desire not to complicate the course of any hypothetical winding up. The Grand Court handed down its judgment on the Validation Application and dismissed the Validation Application on 31 March 2023. As a result of the judgment, the final dividend for the year ended 31 December 2021 will not be payable to the Shareholders. On 26 February 2025, the Grand Court delivered its ruling on the costs of the Validation Application.

For further details, please refer to the announcements published by the Company on 4 September 2018, 20 September 2018, 12 October 2018, 16 October 2018, 23 October 2018, 29 October 2018, 14 November 2018, 13 December 2018, 18 January 2019, 22 January 2019, 15 February 2019, 21 March 2019, 1 April 2019, 17 April 2019, 5 June 2019, 17 September 2019, 19 February 2020, 7 April 2020, 24 March 2021, 21 March 2022, 5 August 2022, 27 February 2023, 15 March 2023, 3 April 2023 and 15 November 2024.

(VI) Major Events (Continued)

2. MATERIAL LITIGATION IN HONG KONG

HCA 2880 of 2015 and CACV 91 of 2020

On 4 December 2015, a Writ of Summons (the “**Writ**”) was issued by the Company against former Directors of the Company, namely ZHANG Cai Kui and ZHANG Bin (together, the “**Zhangs**”) and LI Cheung Hung. On 17 December 2015, China Shanshui (HK) and Pioneer Cement were added as Plaintiffs and an additional of 5 former Directors, namely CHANG Zhangli, WU Ling-ling (also known as Doris WU), LEE Kuan-chun (also known as Champion LEE), ZENG Xuemin and SHEN Bing were added as Defendants in the Writ.

The Plaintiffs claimed against the Defendant Directors for (inter alia) (1) various injunctive relief, including restraining them from acting on the allegedly unlawfully altered articles of association of Shandong Shanshui, an order for identifying the current whereabouts of or return the books, records, accounts or computer data or other documents etc. of the Group, and (2) damages and/or equitable compensation as a result of the alleged misconduct of the former Directors.

On 24 December 2015, the Company obtained interlocutory injunction orders (the “**December Injunction Orders**”) against ZHANG Caikui, ZHANG Bin, LI Cheung Hung, CHANG Zhangli and WU Ling-ling compelling them to (inter alia) disclose and deliver the Group’s Records to the Company. On 8 January 2016, the December Injunction Orders (as varied) continued and the Company obtained further interlocutory injunction orders (the “**January Injunction Orders**”) against the Zhangs to (inter alia) restrain them from acting upon or exercising any power or entitlement pursuant to the unlawfully altered articles of association of Shandong Shanshui and execute amendments to the said unlawfully altered articles of association of Shandong Shanshui, to invalidate or reverse the unlawful amendments. The January Injunction Orders remain in effect as of today.

On 7 April 2016, CNBM and ACC were joined as the Defendants to the Action, on the basis of a claim of conspiracy.

The Company also on 4 November 2016 obtained a worldwide injunction against the Zhangs (the “**Worldwide Mareva Injunction**”) and issued a Summons on 7 November 2016 (the “**Plaintiffs’ Summons**”).

On 18 November 2016, the Worldwide Mareva Injunction was varied and directions were given by the High Court to the parties to file affidavit evidence for the disposal of the Plaintiffs’ Summons. After the substantive hearing on 7 June 2017, the High Court discharged the Worldwide Mareva Injunction and granted a fresh domestic Mareva injunction order against the Zhangs on terms substantially the same as the Worldwide Mareva Injunction (the “**Domestic Mareva Injunction**”).

On 29 May 2017, Shandong Shanshui was joined as the 4th Plaintiff to the Action to introduce a derivative claim against the Zhangs and LI Cheung Hung and further amendments were made to the Amended Statement of Claim.

(VI) Major Events (Continued)

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 2880 of 2015 and CACV 91 of 2020 (Continued)

Following the amendments to the Amended Statement of Claim, the parties filed a second round of pleadings (Re-Amended Defence or Amended Defence followed by the Amended Reply) except for the Zhangs (who only filed the acknowledgment of service indicating an intention to defend on 13 June 2017 and their defence on 18 September 2017).

All parties filed and exchanged their List of Documents and the Company has filed a supplemental list of documents on 29 September 2017. The parties have also exchanged witness statements.

The first case management conference took place on 19 April 2018 and all of the parties agreed for the action to be referred to a Listing Judge for the assignment of a Trial Judge. On 15 April 2019, the parties sent a joint letter to the Listing Officer, Civil to formally apply to have the action assigned to a Trial Judge. On 18 April 2019, the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court was assigned as the Trial Judge of the action.

At the subsequent case management conference held on 17 July 2019, leave was granted to the parties to set down the action for trial before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court with 41 days reserved on 19 to 23 April 2021, 26 to 30 April 2021, 3 to 7 May 2021, 10 to 14 May 2021, 17 and 18 May 2021, 24 to 28 May 2021, 31 May 2021, 1 to 4 June 2021, 7 to 11 June 2021 and 15 to 18 June 2021. A further case management conference was held on 5 May 2020.

On 11 March 2020, an order was made by the court to (inter alia) strike out certain paragraphs in the Company's pleadings as against the Zhangs in relation to the Company's claim concerning Qilu Property Co. Ltd. and to reduce the restrained sum of the Domestic Mareva Injunction to HK\$24 million. On 8 April 2020, the Company lodged an appeal against the order to the Court of Appeal under CACV 91/2020. No hearing date has been fixed for the hearing of the appeal.

On 11 June 2020, leave was granted by the court to (inter alia) the parties to adduce expert evidence on various questions of Mainland Chinese law, and to the Zhangs to amend their Defence and to the Company to amend its Reply to the Amended Defence of the Zhangs. The Zhangs filed the Amended Defence on 12 June 2020 and their Expert Report on Mainland Chinese law on 30 July 2020. The Company filed its Amended Reply to the Amended Defence of the Zhangs on 3 September 2020.

On 11 January 2021, an order was made by the court that (inter alia) leave be granted to the Company to amend the Re-Amended Statement of Claim and the restrained sum of the Domestic Mareva Injunction be increased from HK\$24 million to HK\$130 million. The Re-Re-Amended Statement of Claim was filed by the Company on 20 January 2021. The Zhangs filed their Re-Amended Defence on 4 March 2020. The Company filed its Re-Amended Reply to the Re-Amended Defence of the Zhangs on 1 April 2021.

(VI) Major Events (Continued)

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 2880 of 2015 and CACV 91 of 2020 (Continued)

The 1st Pre-Trial Review was held on 11 November 2020 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court.

The 2nd Pre-Trial Review was held on 25 February 2021 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court. In the 2nd Pre-Trial Review, an order was made by the court that (inter alia) two further days (namely 20 and 21 May 2021) be reserved for the trial.

On 14 April 2021, an Order was made by the court that leave be granted to the Zhangs to amend its Re-Amended Defence. The Zhangs filed their Re-Re-Amended Defence on 15 April 2021.

There are currently two main outstanding interlocutory applications in this action:

- (1) The Company has issued a Summons on 27 March 2018 to (inter alia) appoint receivership over the 1st Defendant's shares in China Shanshui Investment Company (the "**Receivership Summons**"). Pursuant to the Order of Deputy High Court Judge Keith Yeung SC dated 3 May 2018, the hearing of the Receivership Summons is adjourned to a date to be fixed. No hearing date has been fixed yet.
- (2) The Company has, pursuant to the Order of the Honourable Madam Justice Au-Yeung dated 13 July 2018, issued a Summons on 20 July 2018 for the continuation of the December Injunction Orders and the January Injunction Orders against the 2nd Defendant (the "**Continuation Summons**"). The Company filed their affirmation in support in October 2018 and the 2nd Defendant has yet to file his affirmation in opposition. The hearing of the Continuation Summons is adjourned to a date to be fixed with one day reserved. No hearing date has been fixed yet.

The trial took place on 19 to 23 and 26 to 30 April 2021, 3 to 4, 6 to 7, 10 to 14, 17 to 18, 21, 24 to 26, 28 and 31 May 2021, 1 to 4, 7 and 15 to 17 June 2021 before the Honourable Mr. Justice Coleman of the Court of First Instance of the High Court.

On 12 May 2025, the Honourable Mr. Justice Coleman handed down his judgment by which he dismissed all the Company's claims under the action. He also directed that, subject to any submissions by the parties, the question of costs of the action be dealt with by way of paper submissions. Subsequently, the Honourable Mr. Justice Coleman directed that the Defendants shall file and serve their written submissions on costs by 29 August 2025; the Company shall file and serve its written submissions on costs within 42 days thereafter; and the Defendants shall file and serve their written submissions in reply within 14 days thereafter.

(VI) Major Events (Continued)

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 548 of 2019

On 29 March 2019, the Company announced that the Company together with its subsidiaries, China Shanshui Cement Group (Hong Kong) Company Limited, China Pioneer Cement (Hong Kong) Company Limited, and Shandong Shanshui Cement Group Company Limited (collectively, the **"Plaintiffs"**) had commenced an action in the High Court of Hong Kong (the **"Hong Kong Court"**), against Tianrui (International) Holding Company Limited, Tianrui Group Company Limited, Stephen LIU Yiu Keung, David YEN Ching Wai, Godwin HWA Guo Wai, CHONG Cha Hwa, LI Heping, LI Liufa, CHEUNG Yuk Ming, NG Qing Hai, LI Zhi Qiang, HO Man Kay, Angela, LAW Pui Cheung, WONG Chi Keung, CHING Siu Ming, LO Chung Hing, TSANG Wing Tai and Ernst & Young Transactions Limited (collectively, the **"Defendants"**) in connection with:

- (a) alleged unlawful means conspiracy, by acting in combination and in concert with one another with respect to breaches of fiduciary and other duties, dishonest assistance and/or criminal intimidation and violence, from around 2015 to 2018, with the intention of injuring the Plaintiffs in order to acquire control of the Plaintiffs, and illegitimately maximise economic benefit therefrom for the benefit of the Defendants and at the expense of the Plaintiffs; and
- (b) various breaches of duties by the Defendants who are former directors and/or officers of the Company.

On 14 August 2019, three of the Defendants (Tianrui, Tianrui Group and LI Liufa) filed an application with the Hong Kong Court to (i) set aside the service of the Writ of Summons on Tianrui, and/or (ii) stay this proceeding pending the determination of the winding-up petition issued by Tianrui against the Company in the Cayman Islands in FSD161/2018. This application was dismissed by the Hong Kong Court on 7 December 2020.

On 25 April 2024, the Plaintiffs applied for consolidation of this action with HCA 1013 of 2023 (see below), and/or for the two actions to be heard together and/or one after the other before the same judge (the **"548 Hearing Together Summons"**). The substantive hearing of the 548 Hearing Together Summons was heard together with the 1013 Hearing Together Summons (defined below) and the 1013 Strike-Out Summons (defined below) on 30 April 2025, with judgment reserved and is expected to be delivered by the end of August 2025.

For further details, please refer to the announcements published by the Company on 29 March 2019 and the subsequent Interim Reports and Annual Reports.

(VI) Major Events (Continued)

2. MATERIAL LITIGATION IN HONG KONG (CONTINUED)

HCA 1013 of 2023

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

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

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

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group’s counterclaim in this action allegedly, inter alia, on the ground that CSC Group’s counterclaim in this action and its claim in HCA 548/2019 are duplicated (the “**1013 Strike-Out Summons**”). CSC Group considers that the application is baseless, and will contest strenuously. The substantive hearing of the 1013 Hearing Together Summons and the 1013 Strike-Out Summons, together with the 548 Hearing Together Summons, took place on 30 April 2025 with judgment reserved and is expected to be delivered by the end of August 2025.

3. PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules at the date of this report.

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS

Save as disclosed in this section, all the related party transactions set out in Note 25 to the financial statements do not constitute connected transactions under the Listing Rules. The Company has complied with the relevant requirements under Chapter 14A of the Listing Rules as applicable to the Company.

Continuing Connected Transactions

The connected transactions entered into between the Company and CNBMG, one of the substantial shareholders of the Company, as set out in this section below constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules as of 30 June 2025, the summary of which is as follows:

On 17 April 2024, Shandong Shanshui, the Company's main operating entity and indirect wholly-owned subsidiary, has entered into the following agreements with CNBM and/or Shandong Quanxing Jingshi Cement Co., Ltd. ("**Shandong Quanxing**"), an affiliate of CNBM (collectively, the "**2024 Framework Agreements**"):

(a) Mine Development Services Framework Agreement;

Shandong Shanshui and CNBMG entered into the Mine Development Services Framework Agreement on 17 April 2024. The nature of the services under the Mine Development Services Framework Agreement is the provision of mine development, maintenance and related engineering services by the CNBMG Group to the China Shanshui Group. The term of the Mine Development Services Framework Agreement is from 1 June 2024 to 31 May 2025 (both days inclusive).

(b) Cement Production Equipment and Supplies Framework Agreement;

Shandong Shanshui and CNBMG entered into the Cement Production Equipment and Supplies Framework Agreement on 17 April 2024. The nature of the services under the Cement Production Equipment and Supplies Framework Agreement is the purchase of cement production equipment and supplies by the China Shanshui Group from the CNBMG Group. The term of the Cement Production Equipment and Supplies Framework Agreement is from 1 June 2024 to 31 May 2025 (both days inclusive).

(c) Engineering and Technical Services Framework Agreement; and

Shandong Shanshui and CNBMG entered into the Engineering and Technical Services Framework Agreement between on 17 April 2024. The nature of the services under the Engineering and Technical Services Framework Agreement is the provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by the CNBMG Group to the China Shanshui Group. The term of the Engineering and Technical Services Framework Agreement is from 1 June 2024 to 31 May 2025 (both days inclusive).

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

(d) Clinker and Cement Transactions Framework Agreements.

Shandong Shanshui and CNBMG entered into a clinker and cement transaction framework agreement on 17 April 2024 (the “**CNBMG Clinker and Cement Transactions Framework Agreement**”). The nature of the services under the CNBMG Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregate and commercial concrete) between the China Shanshui Group and the CNBMG Group. The term of the CNBMG Clinker and Cement Transactions Framework Agreement is from 1 June 2024 to 31 May 2025 (both days inclusive).

Shandong Shanshui and Shandong Quanxing entered into a clinker and cement transaction framework agreement on 17 April 2024 (the “**Shandong Quanxing Clinker and Cement Transactions Framework Agreement**”). The nature of the services under the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregate and commercial concrete) between the China Shanshui Group and Shandong Quanxing's subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd. The term of the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is from 1 June 2024 to 31 May 2025 (both days inclusive).

The 2024 Framework Agreements governed all existing contracts between the Company's group companies and CNBMG's group companies (or affiliates, as the case may be) on the relevant category of continuing connected transactions. Please refer to the announcement dated 17 April 2024 and the circular dated 29 April 2024 published by the Company for details.

The transactions between Company's group companies and CNBMG's group companies or affiliates under the 2024 Framework Agreements did not exceed the annual caps for the five months ended 31 May 2025.

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

As the 2024 Framework Agreements expired on 31 May 2025 and it was expected that the transactions under the 2024 Framework Agreements would continue on a recurring basis, on 25 April 2025, the Group entered into the following agreements with CNBM, Shandong Quanxing, an affiliate of CNBM and/or Shandong Donghua, an affiliate of CNBMG, to renew the 2024 Framework Agreements and the annual caps (collectively, the **“2025 Framework Agreements”**):

- (a) Mine Development Services Framework Agreement;

The Company and CNBMG entered into the Mine Development Services Framework Agreement on 25 April 2025. The nature of the services under the Mine Development Services Framework Agreement is the provision of mine development, maintenance and related engineering services by the CNBMG Group to the China Shanshui Group. The term of the Mine Development Services Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

- (b) Cement Production Equipment and Supplies Framework Agreement;

The Company and CNBMG entered into the Cement Production Equipment and Supplies Framework Agreement on 25 April 2025. The nature of the services under the Cement Production Equipment and Supplies Framework Agreement is the purchase of cement production equipment and supplies by the China Shanshui Group from the CNBMG Group. The term of the Cement Production Equipment and Supplies Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

- (c) Engineering and Technical Services Framework Agreement; and

The Company and CNBMG entered into the Engineering and Technical Services Framework Agreement between on 25 April 2025. The nature of the services under the Engineering and Technical Services Framework Agreement is the provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by the CNBMG Group to the China Shanshui Group. The term of the Engineering and Technical Services Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Continuing Connected Transactions (Continued)

(d) Clinker and Cement Transactions Framework Agreements.

The Company and CNBMG entered into a clinker and cement transaction framework agreement on 25 April 2025 (the “**CNBMG Clinker and Cement Transactions Framework Agreement**”). The nature of the services under the CNBMG Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregate and commercial concrete) between the China Shanshui Group and the CNBMG Group. The term of the CNBMG Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

The Company and Shandong Quanxing entered into a clinker and cement transaction framework agreement on 25 April 2025 (the “**Shandong Quanxing Clinker and Cement Transactions Framework Agreement**”). The nature of the services under the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregate and commercial concrete) between the China Shanshui Group and Shandong Quanxing’s subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd. The term of the Shandong Quanxing Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

The Company and Shandong Donghua entered into a clinker and cement transactions framework agreement on 25 April 2025 (the “**Shandong Donghua Clinker and Cement Transactions Framework Agreement**”). The nature of the services under the Shandong Donghua Clinker and Cement Transactions Framework Agreement is the sale and purchase of clinker and cement (including aggregate and commercial concrete) between the China Shanshui Group and the branches and subsidiaries of Shandong Donghua (namely Jinan Wanhua Cement Co., Ltd., Zibo Wanhua Branch of Shandong Donghua Technology Co., Ltd., and Shandong Donghua Technology Development Co., Ltd.). The term of the Shandong Donghua Clinker and Cement Transactions Framework Agreement is from 1 June 2025 to 31 May 2026 (both days inclusive).

Please refer to the announcement dated 25 April 2025, the circular dated 25 April 2025 and the supplemental announcement dated 21 May 2025 published by the Company for details.

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Connected Person's Interest in the Continuing Connected Transactions

As at 30 June 2025, CNBMG is a substantial shareholder holding approximately 12.94% of the issued Shares and hence a connected person of the Company under Chapter 14A of the Listing Rules. In addition, Shandong Quanxing and Shandong Donghua (indirectly held as to 49% and 42.26% by CNBMG, respectively) are each a 30%-controlled company of CNBMG and hence connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the above agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. CNBMG, Shandong Quanxing and Shandong Donghua are considered to have a material interest in the above continuing connected transactions.

Transaction amounts and annual caps in the Continuing Connected Transactions

The amounts and annual caps of the transactions between Company's group companies and CNBMG's group companies or affiliates under the 2024 Framework Agreements and the 2025 Framework Agreements are described as follows.

(Unit: RMB'000)

Type	Transaction amounts during the five months ended 31 May 2025	Annual caps for the five months ended 31 May 2025 under the 2024 Framework Agreements
Mine Development Services	182,933	251,480
Cement Production Equipment and Supplies	4,559	6,400
Engineering and Technical Services	117,448	138,090
Clinker and Cement Transactions	46,967	62,280 ^{Note 1}
– Procurement of the Group	–	–
– Sales of the Group	46,967	–

Note 1: The annual cap of clinker and cement transactions for the five months ended 31 May 2025 under the 2024 Framework Agreements is not divided into procurement of the group and sales of the group.

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Transaction amounts and annual caps in the Continuing Connected Transactions (Continued)

Type	Transaction amounts from 1 June 2025 up to 30 June 2025	Annual caps for the seven months from 1 June 2025 to 31 December 2025 under the 2025 Framework Agreements
Mine Development Services	63,346	381,225
Cement Production Equipment and Supplies	437	9,600
Engineering and Technical Services	32,239	221,254
Clinker and Cement Transactions	8,578	923,532
– Procurement of the Group	–	193,130
– Sales of the Group	8,578	730,402

Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements

On 28 December 2016, the Company entered into a supplementary loan agreement with Tianrui Group, one of the substantial shareholders of the Company, pursuant to which Tianrui Group has granted an unsecured loan to the Company to satisfy senior notes due in 2020 issued by the Company. Pursuant to the supplementary loan agreement, inter alia:

- (1) Tianrui Group undertakes to settle the loan facility and the interest thereof pursuant to the facility agreement;
- (2) Tianrui Group undertakes that it will not request the repayment of the unsecured loan by the Company, in full or in part, prior to the settlement of the loan facility and the interest thereof by Tianrui Group; and
- (3) In the event that there is any default in payment of the loan facility and the interest thereof, the Company agrees to settle such amount under the corporate guarantee and Tianrui Group undertakes to waive the payment obligation of the Company in full under the unsecured loan.

(VI) Major Events (Continued)

4. CONNECTED TRANSACTIONS (CONTINUED)

Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements (Continued)

As of 30 June 2025, the Group borrowed RMB1.635 billion in aggregate on an interest-free basis from Tianrui Group which was mainly used to settle certain debts, including:

- (1) Interest from 7.50% senior notes due in 2020 amounting to US\$89.91 million.
- (2) Principal amount of and interest from any and all outstanding 8.50% senior notes due 2016 amounting to US\$31.345 million.
- (3) Purchase price of US\$73.473 million paid in cash for purchasing 7.50% senior notes due in 2020 issued overseas, representing 15% of the total amount of notes (US\$484.971 million).
- (4) Interest from ultra short term debenture amounting to RMB91.22 million.
- (5) A borrowing amounting to RMB30.42 million for settling litigation costs.

As of 30 June 2025, outstanding borrowings of the Company from Tianrui Group was RMB918 million.

As the financial assistance received by the Group from Tianrui Group is on normal commercial terms or better and is not secured by the assets of the Group, this continuing connected transaction is fully exempt under Rule 14A.90 of the Listing Rules.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025 – Unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
Revenue	3, 4	5,553,891	6,566,739
Cost of sales		(4,757,294)	(5,943,363)
Gross profit		796,597	623,376
Other income	5	68,540	82,755
Reversal of impairment losses on trade receivables, net		18,990	20,591
Impairment losses on other receivables, net		(29,620)	(18,335)
Selling and marketing expenses		(112,724)	(133,209)
Administrative expenses		(475,378)	(558,034)
Other net expenses, gains and losses	6	3,621	(9,618)
Expenses incurred during off-peak suspension		(445,421)	(508,458)
Loss from operations		(175,395)	(500,932)
Finance costs	7(a)	(86,325)	(90,486)
Share of results of associates		(8,810)	(3,801)
Loss before taxation		(270,530)	(595,219)
Income tax expense	8	(33,902)	(21,417)
Loss for the period		(304,432)	(616,636)
Attributable to:			
Equity shareholders of the Company		(250,247)	(530,628)
Non-controlling interests		(54,185)	(86,008)
Loss for the period		(304,432)	(616,636)
Loss per share	10		
Basic (RMB)		(0.06)	(0.12)
Diluted (RMB)		(0.06)	(0.12)

The notes on pages 51 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 – Unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Loss for the period	(304,432)	(616,636)
Other comprehensive (expense)/income for the period		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation from functional currency to presentation currency	(3,159)	4,867
Total comprehensive expense for the period	(307,591)	(611,769)
Attributable to:		
Equity shareholders of the Company	(253,406)	(525,761)
Non-controlling interests	(54,185)	(86,008)
Total comprehensive expense for the period	(307,591)	(611,769)

The notes on pages 51 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Financial Position

At 30 June 2025 – Unaudited

(Expressed in Renminbi)

	Notes	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	16,053,671	16,373,192
Right-of-use assets	11	2,274,778	2,228,055
Intangible assets	11	1,907,500	1,992,921
Goodwill		14,224	14,224
Other financial assets		20,340	20,051
Interests in associates		402,566	441,976
Deferred tax assets		357,222	355,449
Other long-term assets		792,040	746,214
		21,822,341	22,172,082
Current assets			
Inventories	12	2,062,878	1,906,613
Trade and bills receivables	13	1,546,192	1,557,819
Prepayments and other receivables	14	1,118,171	1,129,968
Tax recoverable		65,204	67,886
Restricted bank deposits	15	752,903	692,672
Fixed bank deposits		560,356	515,652
Bank balances and cash		2,058,263	2,179,627
		8,163,967	8,050,237
Current liabilities			
Bank loans – amount due within one year	16	3,869,470	3,797,750
Trade payables	17	3,220,729	2,966,434
Other payables and accrued expenses	18	2,071,867	2,073,275
Contract liabilities		456,074	307,181
Taxation payable		71,048	100,540
Lease liabilities		21,059	8,082
		9,710,247	9,253,262
Net current liabilities		(1,546,280)	(1,203,025)
Total assets less current liabilities		20,276,061	20,969,057

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2025 – Unaudited

(Expressed in Renminbi)

	Notes	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Bank loans – amount due after one year	16	1,145,490	1,567,710
Long-term payables		566,786	572,618
Defined benefit obligations	19	131,310	131,310
Deferred income		342,134	352,602
Lease liabilities		146,370	63,278
Deferred tax liabilities		61,448	89,333
		2,393,538	2,776,851
Net assets		17,882,523	18,192,206
Capital and reserves			
Share capital	20	295,671	295,671
Share premium		8,235,037	8,235,037
Share capital and share premium		8,530,708	8,530,708
Other reserves		9,391,533	9,644,939
Total equity attributable to equity shareholders of the Company		17,922,241	18,175,647
Non-controlling interests		(39,718)	16,559
Total equity		17,882,523	18,192,206

The notes on pages 51 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 – Unaudited

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						Non-controlling interests		Total equity
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Exchange reserves RMB'000	Accumulated profits RMB'000	Total RMB'000	RMB'000	RMB'000
At 1 January 2024	295,671	8,235,037	2,355,924	218,074	(364,885)	7,589,513	18,329,334	74,030	18,403,364
Loss for the period	–	–	–	–	–	(530,628)	(530,628)	(86,008)	(616,636)
Other comprehensive income for the period	–	–	–	–	4,867	–	4,867	–	4,867
Total comprehensive expense for the period	–	–	–	–	4,867	(530,628)	(525,761)	(86,008)	(611,769)
Transfer between reserves	–	–	(18)	–	–	18	–	–	–
Appropriation to maintenance and production funds	–	–	95,040	–	–	(95,040)	–	–	–
Utilisation of maintenance and production funds	–	–	(74,856)	–	–	74,856	–	–	–
Distribution to non-controlling interests	–	–	–	–	–	–	–	(2,685)	(2,685)
Disposal of a subsidiary (note 21)	–	–	(5,462)	–	–	5,462	–	(4,463)	(4,463)
At 30 June 2024	295,671	8,235,037	2,370,628	218,074	(360,018)	7,044,181	17,803,573	(19,126)	17,784,447
At 1 January 2025	295,671	8,235,037	2,345,933	218,074	(353,244)	7,434,176	18,175,647	16,559	18,192,206
Loss for the period	–	–	–	–	–	(250,247)	(250,247)	(54,185)	(304,432)
Other comprehensive expense for the period	–	–	–	–	(3,159)	–	(3,159)	–	(3,159)
Total comprehensive expense for the period	–	–	–	–	(3,159)	(250,247)	(253,406)	(54,185)	(307,591)
Transfer between reserves	–	–	(6,066)	–	–	6,066	–	–	–
Appropriation to maintenance and production funds	–	–	80,317	–	–	(80,317)	–	–	–
Utilisation of maintenance and production funds	–	–	(61,319)	–	–	61,319	–	–	–
Distribution to non-controlling interests	–	–	–	–	–	–	–	(2,092)	(2,092)
At 30 June 2025	295,671	8,235,037	2,358,865	218,074	(356,403)	7,170,997	17,922,241	(39,718)	17,882,523

The notes on pages 51 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025 – Unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations		835,818	287,025
Interest paid		(70,634)	(80,557)
Income tax (paid)/refunded		(90,370)	3,245
Net cash generated from operating activities		674,814	209,713
Investing activities			
Payments of purchase of long-term assets		(293,329)	(514,870)
Payments for deposit for purchase of fixed assets		(22,017)	(56,516)
Proceed from disposal of property, plant and equipment		16,244	3,725
Dividend received from an associate		30,600	–
Withdrawal of fixed bank deposits		515,652	512,481
Placement of fixed bank deposits		(560,356)	(513,804)
Payment for capital injection in financial assets at FVTPL		–	(1,000)
Net cash inflow on disposal of a subsidiary	21	–	25,871
Others		17,699	25,569
Net cash used in investing activities		(295,507)	(518,544)
Financing activities			
Proceeds from new loans and borrowings		2,372,000	3,918,000
Repayment of loans and borrowings		(2,854,500)	(3,438,800)
Repayment of lease liabilities		(12,139)	(2,021)
Others		(2,092)	(2,685)
Net cash (used in)/generated from financing activities		(496,731)	474,494
Net (decrease)/increase in cash and cash equivalents		(117,424)	165,663
Cash and cash equivalents at 1 January		2,179,627	2,254,037
Effect of foreign exchange rates changes		(3,940)	3,356
Cash and cash equivalents at 30 June, representing bank balances and cash		2,058,263	2,423,056

The notes on pages 51 to 78 form part of these condensed consolidated financial statements.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2025 - Unaudited

1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting”, issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on a going concern basis as the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period taking into account various plans and measures. Measures that the Group has taken and is taking to manage its liquidity needs and improve its financial position include, but are not limited to, the following:

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

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to IFRS Accounting Standards

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

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"	Lack of Exchangeability
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Except as described below, the application of the amendments to a IFRS Accounting Standard in the Reporting 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.

2.1 Impacts on application of Amendments to IAS 21 "Lack of Exchangeability"

2.1.1 Accounting policies

Foreign currencies

The Group assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If the Group is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. When a currency is not exchangeable into another currency at a measurement date, the Group estimates the spot exchange rate at that date. The Group's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

When estimating the spot exchange rate, the Group may use an observable exchange rate without adjustment or other estimation techniques. For example, the techniques used by the Group may include:

- a spot exchange rate for a purpose other than that for which the Group assesses exchangeability; and
- the first exchange rate at which the Group is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

2.1.2 Transition and summary of impact

The application of the amendments has no material impact on the Group's financial position and performance.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales of cement	4,690,751	5,358,386
Sales of clinker	445,469	621,177
Sales of concrete	187,322	348,070
Sales of other products	230,349	239,106
	5,553,891	6,566,739

The Group's revenues for the six months ended 30 June 2025 and 2024 were generated in the People's Republic of China (the "PRC"). Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) Segment reporting

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

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

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

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

- Xinjiang Region – subsidiaries operating and located in the Kashi area of Xinjiang Uygur Autonomous Region of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

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

(i) Segment results, assets and liabilities

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

- Segment assets include all tangible and intangible assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.
- Segment results represent profits/(losses) earned/(incurred) by each segment without allocation of share of results of associates, gain on fair value changes of financial assets at fair value through profit or loss ("FVTPL"), gain on disposal of a subsidiary, unallocated other income, head office administrative expenses and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2025 and 2024 is set out below:

	2025					2024				
	Shandong Province RMB'000	Northeastern China RMB'000	Shanxi Province RMB'000	Xinjiang Region RMB'000	Total RMB'000	Shandong Province RMB'000	Northeastern China RMB'000	Shanxi Province RMB'000	Xinjiang Region RMB'000	Total RMB'000
For the six months ended 30 June										
Disaggregated by timing of revenue										
Point in time	3,408,172	1,390,470	606,272	144,139	5,549,053	3,935,569	1,635,256	822,762	167,080	6,560,667
Over time	3,034	220	1,440	144	4,838	2,854	1,671	1,471	76	6,072
Revenue from external customers	3,411,206	1,390,690	607,712	144,283	5,553,891	3,938,423	1,636,927	824,233	167,156	6,566,739
Inter-segment revenue <i>(note)</i>	195,322	661	2,924	–	198,907	309,899	21,923	1,532	–	333,354
Reportable segment revenue	3,606,528	1,391,351	610,636	144,283	5,752,798	4,248,322	1,658,850	825,765	167,156	6,900,093
Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)	23,683	(23,938)	(98,009)	24,013	(74,251)	(239,757)	(152,491)	(102,599)	20,141	(474,706)
As at 30 June/31 December										
Reportable segment assets	14,400,773	7,319,045	4,897,502	739,292	27,356,612	14,490,906	7,219,224	4,970,604	749,298	27,430,032
Reportable segment liabilities	6,818,080	1,262,805	733,839	52,975	8,867,699	6,501,949	1,067,904	727,019	34,157	8,331,029

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

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment loss

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Loss		
Reportable segment loss	(74,251)	(474,706)
Elimination of inter-segment profit	(91,060)	(33,022)
Reportable segment loss derived from the Group's external customers	(165,311)	(507,728)
Share of results of associates	(8,810)	(3,801)
Gain on fair value changes of financial assets at FVTPL	289	9,202
Gain on disposal of a subsidiary	—	15,882
Unallocated other income	12,763	17,034
Unallocated finance costs	(50,022)	(51,409)
Unallocated head office administrative expenses (note)	(59,439)	(74,399)
Consolidated loss before taxation	(270,530)	(595,219)

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

4 SEASONALITY OF OPERATIONS

The Group generally experiences higher cement demands in the second half of the year compared to the first half of the year due to construction season starting at the second quarter of each year. As a result, the Group typically reports lower revenue and results in the first half of the year.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

5 OTHER INCOME

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	17,699	25,569
Government grants (<i>note</i>)	38,970	40,630
Amortisation of deferred income	10,382	6,412
Others	1,489	10,144
	68,540	82,755

Note: Government grants mainly represented tax refunds, operating subsidies and energy reduction incentives from local governments received by the Group during the Reporting Period. No special conditions need to be fulfilled for receiving such government grants.

6 OTHER NET EXPENSES, GAINS AND LOSSES

	<i>Note</i>	Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange gain/(loss)		4,613	(6,830)
Net loss from disposal of property, plant and equipment		(3,202)	(5,837)
Impairment losses on property, plant and equipment		–	(253)
Donations		(1,120)	(2,346)
Gain on fair value changes of financial assets at FVTPL		289	9,202
Gain on disposal of a subsidiary	21	–	15,882
Others		3,041	(19,436)
		3,621	(9,618)

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

7 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on bank loans	67,052	76,415
Interest on lease liabilities	7,077	1,292
Less: capitalised interest expenses ^(*)	(10,873)	(8,829)
Net interest expenses	63,256	68,878
Bank charges	10,933	13,914
Unwinding of discount	12,136	7,694
	86,325	90,486

* The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 3.72% for the six months ended 30 June 2025 (six months ended 30 June 2024: 4.15%).

(b) Other items

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment	547,176	561,669
Depreciation of right-of-use assets	57,071	42,472
Amortisation of intangible assets	121,315	99,802
Total depreciation and amortisation	725,562	703,943

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

8 INCOME TAX EXPENSE

Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT"):		
Current tax	61,865	18,352
Under/(over) provision in respect of prior years	1,695	(1,583)
	63,560	16,769
Deferred tax	(29,658)	4,648
	33,902	21,417

Notes:

- (i) The Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% (six months ended 30 June 2024: 25%) unless otherwise specified.

Certain subsidiaries which are recognised as High and New-tech Enterprises have been granted tax concessions by the local tax bureau and are entitled to PRC EIT at concessionary rate of 15% for previous periods.

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

Concession rate of 20% were granted to the small and micro enterprises.

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

The Company and its subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (six months ended 30 June 2024: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for both periods.

9 DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

10 LOSS PER SHARE

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	(250,247)	(530,628)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	4,353,966,228	4,353,966,228

The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise price of these share options was higher than the average market price of the shares for the periods ended 30 June 2025 and 2024. Such share options lapsed on 27 January 2025. Accordingly, the Company has no outstanding share options as at 30 June 2025.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

11 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

- (a) During the six months ended 30 June 2025, the additions of property, plant and equipment, right-of-use assets and intangible assets of the Group amounted to RMB240,697,000 (six months ended 30 June 2024: RMB370,675,000), RMB104,653,000 (six months ended 30 June 2024: RMB34,301,000) and RMB35,894,000 (six months ended 30 June 2024: RMB464,948,000), respectively. Items of property, plant and equipment with net book value totalling RMB13,042,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB9,562,000), resulting in a loss on disposal of RMB3,202,000 (six months ended 30 June 2024: RMB5,837,000).
- (b) During the six months ended 30 June 2024, items of property, plant and equipment, right-of-use assets and intangible assets with net book value of RMB8,636,000, RMB9,789,000 and RMB68,000, respectively, were de-recognised due to disposal of a subsidiary, detail of which is set out in note 21.

12 INVENTORIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Raw materials	743,064	607,204
Semi-finished goods	480,246	387,222
Finished goods	504,188	507,804
Spare parts	335,380	404,383
	2,062,878	1,906,613

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

13 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bills receivables	514,992	401,765
Trade receivables	1,249,026	1,392,913
Less: allowance for credit losses	(217,826)	(236,859)
	1,546,192	1,557,819

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	548,718	529,985
3 to 6 months	82,283	219,833
6 to 12 months	247,085	165,381
Over 12 months	668,106	642,620
	1,546,192	1,557,819

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

Generally, the Group requires full payment upon delivery of goods for sales of cement, clinker and aerated bricks. Credit sales with general credit period of 30 to 60 days are allowed to selected customers with good credit histories and significant transaction amount. Settlement with bills receivables with maturity within three to six months is also acceptable. For sales of pipes and concrete, the Group allows a credit period ranging from 90 days to 180 days.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

14 PREPAYMENTS AND OTHER RECEIVABLES

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
	<i>Note</i>		
Deposits		37,442	50,635
Prepayments for raw materials		238,582	226,538
Prepayments for utilities		86,647	83,730
VAT recoverable		349,478	321,600
Amounts due from related parties	25(b)	14,301	23,583
Amounts due from third parties		339,380	376,532
Others		52,341	47,350
		1,118,171	1,129,968

15 RESTRICTED BANK DEPOSITS

Restricted bank deposits as at 30 June 2025 include RMB739,829,000 (31 December 2024: RMB687,169,000) of cash deposits pledged to banks to secure banking facilities granted to the Group and for the performance guarantee in relation to certain contracts of sales or purchases of cement, and RMB13,074,000 (31 December 2024: RMB5,503,000) of bank balances which have been frozen by the PRC Court pending the outcome of the legal proceedings initiated by the Group's creditors relating to certain sales or purchase contracts.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

16 BANK LOANS

The analysis of the carrying amount of interest bearing bank loans is as follows:

	Notes	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans		4,227,960	4,559,460
Bank loans under supplier finance arrangements	(i)	787,000	806,000
		5,014,960	5,365,460
Bank loans – Secured	(ii)	911,210	1,035,710
Bank loans – Unsecured		4,103,750	4,329,750
		5,014,960	5,365,460

Notes:

- (i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 10 and 360 days (31 December 2024: 10 and 360 days) after the loans are granted by the banks with interest rates ranging from 2.36% to 3.79% per annum (31 December 2024: 2.01% to 4.00% per annum). These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.
- (ii) These bank loans were secured by certain land lease prepayments with aggregate carrying amount of RMB129,796,000 (31 December 2024: RMB131,195,000), plants and buildings with an aggregate carrying amount of RMB356,117,000 (31 December 2024: RMB389,399,000) and pledged bank deposits of RMB685,000,000 (31 December 2024: RMB553,000,000).

As at 30 June 2025, there is no default in bank loans repayment.

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within one year	3,869,470	3,797,750
After one year but within two years	1,116,440	1,032,440
After two years but within five years	29,050	535,270
	5,014,960	5,365,460

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

17 TRADE PAYABLES

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	1,724,622	1,342,437
3 to 6 months	406,159	597,414
6 to 12 months	391,989	292,355
Over 12 months	697,959	734,228
	3,220,729	2,966,434

As at 30 June 2025 and 31 December 2024, all trade payables of the Group were expected to be settled within one year.

As at 30 June 2025, certain suppliers and third parties have initiated lawsuits against the Group to demand immediate settlement of trade payables with a carrying amount of RMB14,210,000 (31 December 2024: RMB37,046,000) plus interest for late payment, if any.

The management is continuing to negotiate with the suppliers to settle these amounts out of court. No adjustments have been made to these condensed consolidated financial statements to accrue for any potential interest or other penalties that may arise through the Courts if the negotiations are not successful, as the directors of the Company consider that the eventual outcome of these litigations cannot presently be determined.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

18 OTHER PAYABLES AND ACCRUED EXPENSES

		At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
	Notes		
Accrued payroll and welfare		188,041	237,388
Taxes payable other than income tax payable		143,451	113,125
Staff compensation and termination provisions		51,055	51,286
Amounts due to related parties	25(b)	922,902	927,829
Payables to former shareholders of acquired subsidiaries		57,313	57,271
Acquisition consideration payables		26,937	26,937
Payables for acquisition of property, plant and equipment		43,505	44,085
Payables for mining rights	(ii)	62,406	62,310
Accrued expenses and other payables	(i)	576,257	553,044
		2,071,867	2,073,275

Notes:

- (i) The amount mainly represents payable for mine management of RMB123,946,000 (31 December 2024: RMB123,946,000), contract guarantee deposits from suppliers of RMB130,387,000 (31 December 2024: RMB139,123,000), payables for equipment maintenance of RMB115,324,000 (31 December 2024: RMB121,205,000) and interest payables of RMB1,145,000 (31 December 2024: RMB4,727,000).

As at 30 June 2025, certain suppliers and third parties have lawsuits against the Group to demand immediate settlement of other payables with carrying amount of RMB2,728,000 (31 December 2024: RMB7,783,000) plus interest for late payment, if any.

- (ii) Included in the amount is the current portion of long-term payables for mining rights amounting to RMB62,406,000 (31 December 2024: RMB62,310,000). According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in PRC, “礦業權出讓收益征收辦法” (the “**Announcement**”), an entity is required to pay to the local government a transfer fee when acquiring the exploration right or mining right. The balance represented the amounts payable to the government in respect of such Announcement with repayments payable from 2025 to 2040 using a discount rate of 3.90% per annum.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

19 DEFINED BENEFIT OBLIGATIONS

The balance represents the provision for the post-employment benefits according to the non-cancellable staff relocation plans agreed in respect of Shandong Shanshui, Weifang Shanshui Cement Co., Ltd., Liaoyang Qianshan Cement Co., Ltd. (excluding the compensation stated in note 18) and Liaoning Gongyuan.

The Group's obligations in respect of the defined benefit obligations at the end of the Reporting Period were reviewed by Willis Towers Watson, a qualified independent actuary and a member of the Society of Actuaries and China Association of Actuaries, using the projected unit credit actuarial cost method.

The Group's obligations in respect of the defined benefit obligations are recognised as non-current liabilities and the Group has not allocated any assets to satisfy such obligations.

20 SHARE CAPITAL

	30 June 2025 and 31 December 2024	
	Number of shares	RMB equivalent RMB'000
Ordinary shares of the Company of USD0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	10,000,000,000	701,472
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	4,353,966,228	295,671

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

21 DISPOSAL OF A SUBSIDIARY

On 19 March 2024, the Group entered into an agreement with an independent third party to dispose of its 70% equity interest in Guangrao Shanshui Cement Co., Ltd. ("**Guangrao Shanshui**") for a consideration of RMB26,295,000. The disposal was completed on 8 April 2024, on which date the Group ceased to have control over Guangrao Shanshui. The net assets of Guangrao Shanshui at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	8,636
Right-of-use assets	9,789
Intangible assets	68
Inventories	100
Prepayments	43
Bank balances and cash	424
Trade payables	(15)
Other payables and accrued expenses	(386)
Deferred tax liabilities	(3,783)
Net assets disposed of	14,876

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

21 DISPOSAL OF A SUBSIDIARY (CONTINUED)

Gain on disposal of a subsidiary:

	<i>RMB'000</i>
Consideration received	26,295
Net assets disposed of	(14,876)
Non-controlling interests	4,463
Gain on disposal	15,882

Net cash inflow arising on disposal:

	<i>RMB'000</i>
Cash consideration	26,295
Less: cash and cash equivalents disposed of	(424)
	25,871

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

(i) Fair value measurement and valuation process

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The management of the Group will determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

(ii) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	30/06/2025	31/12/2024				
	RMB'000	RMB'000				
1 Equity securities listed in the PRC classified as financial assets at FVTPL	10,264	9,969	Level 1	Quoted bid prices in an active market	N/A	N/A
2 Equity investments in PRC non-listed companies classified as financial assets at FVTPL	10,076	10,082	Level 3	Guideline public company method	Discount for lack of marketability 15% (31 December 2024: 15%)	The higher the discount for lack of marketability, the lower the fair value.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Reconciliation of level 3 fair value measurements

	Unlisted equity securities RMB'000
At 1 January 2024 (audited)	7,815
Addition	1,000
Fair value gain (included in profit or loss)	6,983
At 30 June 2024 (unaudited)	15,798
At 1 January 2025 (audited)	10,082
Fair value loss (included in profit or loss)	(6)
At 30 June 2025 (unaudited)	10,076

(iv) Fair values of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their corresponding fair values.

23 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2025 not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Capital expenditure in respect of the acquisitions of property, plant and equipment authorised and contracted for but not provided for in the condensed consolidated financial statements	691,971	1,085,833

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

24 CONTINGENT LIABILITIES AND OTHER EVENTS

(a) Litigation contingencies

As at 30 June 2025, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contract of cement and other products with an aggregate amount of RMB31,761,000 (31 December 2024: RMB40,412,000), which claims have not yet been concluded. No provision for these litigation claims was made in these condensed consolidated financial statements during the six months ended 30 June 2025 as in the opinion of the directors of the Company, the possibility of an outflow of economic resources cannot be reliably determined.

(b) Litigation in the Cayman Islands

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

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

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

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. Tianrui’s appeal is still pending and has not yet been heard.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

24 CONTINGENT LIABILITIES AND OTHER EVENTS (CONTINUED)

(b) Litigation in the Cayman Islands (Continued)

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

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

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

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

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

24 CONTINGENT LIABILITIES AND OTHER EVENTS (CONTINUED)

(c) Litigation in Hong Kong

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

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

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

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group's counterclaim in this action allegedly, inter alia, on the ground that CSC Group's counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the "**1013 Strike-Out Summons**"). CSC Group considers that the application is baseless, and will contest strenuously. The substantive hearing of the 1013 Hearing Together Summons and the 1013 Strike-Out Summons, together with HCA 548 of 2019, took place on 30 April 2025 with judgment reserved and is expected to be delivered by the end of August 2025.

Other than the disclosure above, as at the date of this report, as far as the Group was aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2025, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

25 RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

Apart from the transactions and the balances with related parties disclosed elsewhere in these condensed consolidated financial statements, the Group also entered into the following significant transactions with related parties during the Reporting Period:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales		
Associates of the Group	–	62,133
Fellow subsidiary of a major shareholder* of the Company	44,385	2,692
Subsidiaries of a major shareholder* of the Company	3,966	6,426
Associate of a major shareholder* of the Company	7,194	–
	55,545	71,251
Purchase		
Associates of the Group	2,459	7,483
Fellow subsidiary of a major shareholder* of the Company	1,135	1,746
Subsidiaries of a major shareholder* of the Company	3,169	57,551
Associate of a major shareholder* of the Company	692	13,756
	7,455	80,536
Mining service fee		
Fellow subsidiary of a major shareholder* of the Company	–	3
Subsidiaries of a major shareholder* of the Company	246,279	249,257
	246,279	249,260
Engineering service fee		
Fellow subsidiary of a major shareholder* of the Company	785	530
Subsidiaries of a major shareholder* of the Company	114,406	105,211
Associate of a major shareholder* of the Company	173	–
	115,364	105,741
Transportation fee		
Associates of the Group	44,496	107,549

The directors of the Company are of the opinion that these transactions were carried out on normal commercial terms and in the ordinary course of business of the Group.

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

25 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties

As at the end of the Reporting Period, the Group had the following significant balances with its related parties:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade receivables from (Note (i)):		
Subsidiaries of a major shareholder* of the Company	2,745	2,745
Prepayments to (Note (i)):		
Associates of the Group	283	1,979
Fellow subsidiary of a major shareholder* of the Company	205	–
Subsidiaries of a major shareholder* of the Company	9,921	12,294
Associate of a major shareholder* of the Company	574	825
	10,983	15,098
Other receivables from (Note (i)):		
Shareholder of the Company	795	798
Associates of the Group	247	193
Fellow subsidiary of a major shareholder* of the Company	7	–
Subsidiaries of a major shareholder* of the Company	2,269	7,494
	3,318	8,485
	14,301	23,583

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

25 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties (Continued)

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade payable to (Note (i)):		
Associates of the Group	59,656	55,358
Fellow subsidiary of a major shareholder* of the Company	1,289	1,587
Subsidiaries of a major shareholder* of the Company	282,054	210,424
Associate of a major shareholder* of the Company	951	704
	343,950	268,073
Contract liabilities from (Note (i)):		
Fellow subsidiary of a major shareholder* of the Company	6,746	1,944
Subsidiaries of a major shareholder* of the Company	971	933
Associate of a major shareholder* of the Company	1,102	92
	8,819	2,969
Other payables to:		
Shareholder of the Company (Note (iii))	917,585	922,979
Associates of the Group	11	11
Fellow subsidiary of a major shareholder* of the Company	88	50
Subsidiaries of a major shareholder* of the Company	5,218	4,789
	922,902	927,829

* During the six months ended 30 June 2025 and 2024, the PRC subsidiaries of the Company have been carrying out continuing connected transactions with affiliates of China National Building Material Company Limited, one of the major shareholders of the Company which owns 12.94% equity interest in the Company.

Note(s):

- (i) The amounts are unsecured, interest free and repayable on demand.
- (ii) The amount represented loans from Tianrui Group which are denominated in USD and HKD. As at 30 June 2025, the outstanding loans with total principal of RMB917,585,000 (31 December 2024: RMB922,979,000) are unsecured, interest free and repayable on demand. The loans are at present in dispute as set out in note 24(c).

(VII) Interim Financial Statements (Unaudited)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2025 - Unaudited

25 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Salary, allowances and other benefits	5,274	6,657
Contribution to defined contribution retirement plans	156	341
	5,430	6,998

(VIII) Miscellaneous

I. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

II. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

III. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining good corporate governance standards.

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

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

Chairman and Chief Executive Officer

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

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

(VIII) Miscellaneous (Continued)

IV. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Model Code throughout the Reporting Period.

V. REVIEW OF INTERIM RESULTS AND REPORT BY AUDIT COMMITTEE

The audit committee comprises the three independent non-executive Directors of the Company who reviewed the unaudited interim results and report of the Group for the six months ended 30 June 2025 and discussed with the Company's management regarding risk management, internal control and other important matters.

VI. CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. With effect from 10 June 2025, Mr. HSU You-yuan retired as a non-executive director of Solargiga Energy Holdings Limited (陽光能源控股有限公司), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 757).