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This Annual Report, in both Chinese and English versions, is available on the Company's website at <http://www.cnbm.com> (the "Company Website"). Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website). Shareholders may send their requests at any time to receive the Annual Report and/or to change their choice of the means of receipt of the Corporate Communications by notice in writing to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by sending an email to the Company's H Share Registrar in Hong Kong at [cnbm3323-ecom@hk.tricorglobal.com](mailto:cnbm3323-ecom@hk.tricorglobal.com).

# Snapshot of Annual Report



## VISION AND MISSION

### Corporate Vision

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

### Mission

Better materials, better world



## About CNBM



### Market position

As a leading listed company in the materials sector around the world, CNBM has exerted profound influence among cement, commercial concrete, fiberglass, electronic fabrics, gypsum board, light steel stud and wind power blade, as well as cement technical equipment engineering system integration services.



### Major awards for the year 2025

S&P Global **Sustainability  
Yearbook (China)**

The 8th China Excellent IR – **“Best  
Value Creation Award”**  
and **“Best Capital Market  
Communication Award”**

Central SOEs ESG Governance  
Pioneers 100 Index (2025)

**Ranked 27**

Wind A-Share Listed Companies in  
ESG Best Practices 2024

**Top 100**

Wind ESG Rating

**AAA**

Hang Seng Index ESG Rating

**A-**

## Snapshot of Annual Report *(Continued)*



### Main Business Indicators

Unit: RMB



#### Financial information

Income

**177,847** million

Profit attributable to equity holders

**-3,745** million

Cash flow from business activities

**22,518** million

Capital expenditure

**21,229** million

Net debt ratio

**90.8%**

#### Three major segments



##### Basic building materials segment

Income **77,846** million  
year-on-year decrease by **14.6%**Profit attributable to equity shareholders  
contributed **-6,713** million

##### New materials segment

Income **55,557** million  
year-on-year increase by **14.4%**Profit attributable to equity shareholders  
contributed **3,484** million  
year-on-year increase by **33.3%**

##### Engineering technology service segment

Income **48,839** million  
year-on-year increase by **7.4%**Profit attributable to equity shareholders  
contributed **987** million  
year-on-year decrease by **29.8%**

# Corporate Information

## **DIRECTORS:**

### **Executive Directors**

Zhou Yuxian (*Chairman*)

Wei Rushan (*President*)

Wang Bing

Miao Xiaoling

### **Non-executive Directors**

Wang Yumeng

Chen Shaolong

### **Independent Non-executive Directors**

Sun Yanjun

Liu Jianwen

Zhou Fangsheng

Li Jun

Xia Xue

## **STRATEGIC STEERING COMMITTEE:**

Zhou Yuxian (*Chairman*)

Wei Rushan

Zhou Fangsheng

## **NOMINATION COMMITTEE:**

Zhou Yuxian (*Chairman*)

Sun Yanjun

Liu Jianwen

## **REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE:**

Zhou Fangsheng (*Chairman*)

Sun Yanjun

Zhou Yuxian

## **AUDIT COMMITTEE:**

Li Jun (*Chairman*)

Liu Jianwen

Xia Xue

## Corporate Information *(Continued)*

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE:**

Zhou Yuxian (*Chairman*)

Li Jun

Xia Xue

### **SUPERVISORS:**

#### **Shareholder Representative Supervisor**

Zhang Jianfeng

#### **Independent Supervisors**

Li Xuan

Wei Jianguo

#### **Staff Representative Supervisor**

Du Guangyuan

#### *Notes:*

1. On 16 January 2025, the Company's Board of Directors has received written resignations from Mr. Liu Yan and Mr. Xiao Jiaxiang. Mr. Liu resigned as the Company's executive director due to work adjustments, and Mr. Xiao resigned as the Company's non-executive director due to retirement. Their resignation reports shall become effective from 16 January 2025.
2. On 19 February 2025, following the approval of the extraordinary general meeting of the Company, Ms. Miao Xiaoling succeeded Mr. Liu Yan as the executive director of the Company. Her term of office shall become effective from 19 February 2025, which is consistent with the current Board of Directors and is subject to re-election.
3. On 21 October 2025, the Board of Directors of the Company has received a written resignation letter from Mr. Shen Yungang. Mr. Shen resigned as the Company's non-executive director as China Cinda no longer holds any shares in the Company, and his resignation report shall become effective from 21 October 2025.
4. On 22 October 2025, the Company's Board of Supervisors has received a written resignation from Ms. Yu Yuehua. Ms. Yu resigned as the Company's staff representative supervisor due to work adjustments, and her resignation report shall become effective from 22 October 2025.

## Corporate Information *(Continued)*

<b>Secretary of the Board</b>	:	Miao Xiaoling
<b>Company Secretary</b>	:	Chung Ming Fai
<b>Authorised Representatives</b>	:	Zhou Yuxian Miao Xiaoling
<b>Alternate Authorised Representative</b>	:	Chung Ming Fai
<b>Registered Address</b>	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
<b>Principal Place of Business</b>	:	21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
<b>Postal Code</b>	:	100036
<b>Place of Representative Office in Hong Kong</b>	:	40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
<b>Principal Bankers</b>	:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation
<b>PRC Legal Adviser</b>	:	Global Law Office 15 & 20/F Tower 1 China Central Place No.81 Jianguo Road Chaoyang District, Beijing, China

*Note:*

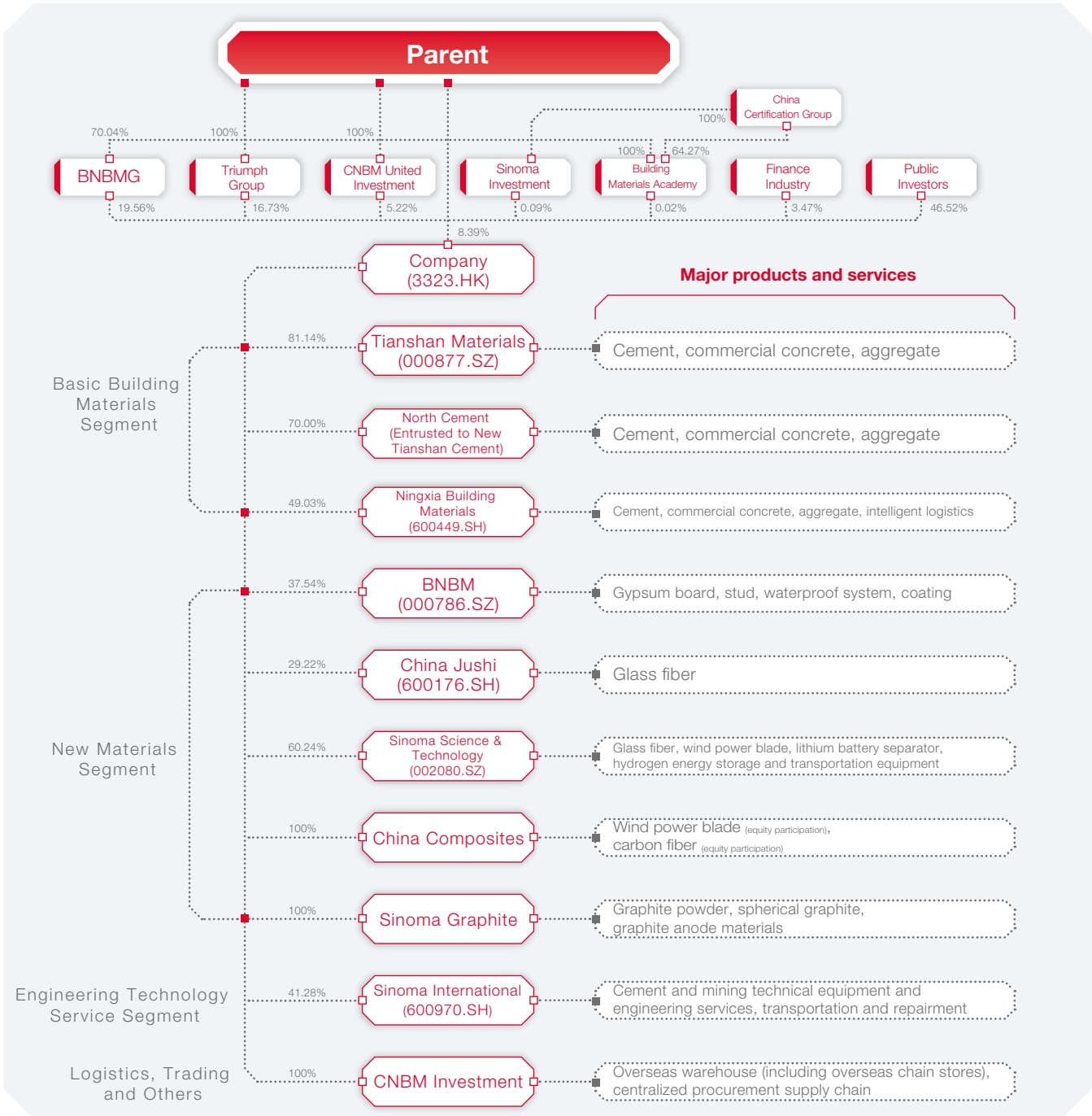
Due to work adjustments, Ms. Pei Hongyan has resigned as the secretary of the Board and joint company secretary of the Company and ceased to serve as an authorised representative of the Company under Rule 3.05 of the Listing Rules, with effect from 30 March 2026. Following Ms. Pei's resignation, the Board has appointed Ms. Miao Xiaoling as the secretary of the Board of the fifth session of the Board and an authorised representative of the Company, with effect from 30 March 2026. Mr. Zhou Yuxian will continue to serve as the other authorised representative. Meanwhile, Mr. Chung Ming Fai (formerly the joint company secretary of the Company) will continue to serve as the company secretary of the Company.

## Corporate Information *(Continued)*

<b>Hong Kong Legal Advisers</b>	:	Slaughter and May 47th Floor, Jardine House 1 Connaught Place Central Hong Kong The PRC  DLA Piper Hong Kong 25/F Three Exchange Square 8 Connaught Place Central Hong Kong The PRC
<b>International Auditor</b> (Registered PIE Auditor)	:	Moore CPA Limited
<b>Domestic Auditor</b>	:	Da Hua Certified Public Accountants (Special General Partnership)
<b>H Share Registrar in Hong Kong</b>	:	Tricor Investor Services Limited 17/F Far East Finance Centre 16 Harcourt Road Hong Kong The PRC
<b>Stock Code</b>	:	03323
<b>Company Website</b>	:	<a href="http://www.cnbmtd.com">http://www.cnbmtd.com</a>

# Shareholding Structure of the Group

The simplified structure of the Group as of 31 December 2025 is set out below:



## Shareholding Structure of the Group *(Continued)*

### Notes:

1. The aforementioned percentages are rounded to 2 decimal places. Due to rounding, the total percentage of shareholdings may be discrepant with the total amount.
2. The Company completed the offer and cancelled the 841,749,304 H Shares repurchased by the Company on 12 March 2025. The proportion of the Parent's direct and indirect shares held by the Company was changed to 50.01%. Please refer to the announcement of the Company dated 12 March 2025 for the specific number, category and share ratio of shareholdings.
3. As of 31 December 2025, the Parent directly and indirectly held 3,797,269,981 shares of the Company (including 3,613,305,981 Domestic Shares and 183,964,000 H Shares), accounting for 50.01% of the total number of issued shares of the Company. Of the 183,964,000 H Shares, it directly held 8,536,000 H Shares, accounting for 0.11% of the Company's total share capital; through its wholly-owned subsidiary Sinoma Investment, it indirectly held 6,800,000 H Shares of the Company, accounting for 0.09% of the Company's total share capital; through its wholly-owned subsidiary CNBM United Investment, it indirectly held 168,628,000 H Shares, accounting for 2.22% of the Company's total share capital.
4. On 17 December 2025, the Company received notification from the Parent that 1,270,254,437 shares held by its wholly-owned subsidiary, China National Materials Group Corporation Ltd., would be transferred without consideration to the Parent's wholly-owned subsidiary, Triumph Science & Technology Group Co., Ltd.. The specific number, category and proportion of shares held remain unchanged.
5. The Company directly held 70% equity interest of North Cement and indirectly held 4.6% equity interest of North Cement through South Cement.
6. On 5 September 2025, the initial grant registration for BNBK's 2024 restricted stock award scheme was completed. The share capital increased from 1,689,507,842 shares to 1,700,390,342 shares, resulting in a passive reduction of the Company's shareholding in BNBK from 37.83% to 37.58%. On 16 September 2025, the registration for the reserved grant under the 2024 restricted share award scheme of BNBK was completed. The share capital increased from 1,700,390,342 shares to 1,702,236,042 shares, resulting in a passive reduction of the Company's shareholding in BNBK from 37.58% to 37.54%.
7. On 6 December 2024, the Company issued a plan to increase its holdings of China Jushi shares with special loans and its own funds. On 17 February 2025, the Company's share purchase plan was completed, with a total purchase of 89,913,017 shares of China Jushi, accounting for 2.25% of China Jushi's total share capital. After the purchase, the Company's shareholding in China Jushi increased from 1,079,739,151 shares to 1,169,652,168 shares, and its shareholding ratio increased from 26.97% to 29.22%.
8. On 19 May 2025, Sinoma International repurchased and cancelled restricted shares granted to 18 incentive recipients that had not met the conditions for lifting the lock-up period. The total number of restricted shares repurchased and cancelled amounted to 2,063,738 shares. The Company's shareholding in Sinoma International passively increased from 40.97% to 41.00%. On 25 September 2025, Sinoma International repurchased and cancelled restricted shares granted to 253 incentive recipients that had not met the conditions for lifting the lock-up period. The total number of restricted shares repurchased and cancelled amounted to 18,138,506 shares. The Company's shareholding in Sinoma International passively increased from 41.00% to 41.28%.

# Financial Highlights

The financial highlights of the Group in 2025 and 2024 are summarized as follows:

	For the year ended 31 December		
	2025	2024	Growth rate
	<i>(RMB in thousands)</i>		
Revenue	<b>177,847,086</b>	181,300,701	-1.9%
Gross profit	<b>33,251,884</b>	32,709,335	1.7%
Profit after tax	<b>-920,865</b>	7,413,586	-112.4%
Profit attributable to equity holders of the Company	<b>-3,745,255</b>	2,387,299	-256.9%
Distribution made to the equity holders of the Company	<b>1,199,697</b>	1,931,562	-37.9%
Earnings per share-basic <i>(RMB)</i> <sup>(1)</sup>	<b>-0.483</b>	0.283	-270.7%
Earnings before interest, taxes, depreciation, and amortization	<b>21,727,726</b>	30,224,055	-28.1%

Note:

- (1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares in 2024 and the weighted average number of 7,754,452,731 shares in 2025.

	As at 31 December		
	2025	2024	Growth rate
	<i>(RMB in thousands)</i>		
Total assets	<b>489,542,509</b>	494,007,276	-0.9%
Total liabilities	<b>303,128,115</b>	299,479,391	1.2%
Net assets	<b>186,414,394</b>	194,527,885	-4.2%
Non-controlling interests	<b>75,746,889</b>	75,084,408	0.9%
Equity attributable to equity holders of the Company	<b>94,716,328</b>	103,121,124	-8.2%
Net assets per share-weighted average <i>(RMB)</i> <sup>(1)</sup>	<b>12.21</b>	12.23	-0.2%
Debt to assets ratio <sup>(2)</sup>	<b>39.4%</b>	38.8%	Increased by 0.6 percentage points
Net debt ratio <sup>(3)</sup>	<b>90.8%</b>	86.6%	Increased by 4.2 percentage points

Note:

- (1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 in 2024 and the weighted average number of 7,754,452,731 in 2025.
- (2) Debt to assets ratio = total borrowings/total assets x 100%.
- (3) Net debt ratio = (total borrowings – bank balances and cash)/net assets x100%.

# Business Highlights

The major operating data of the Group in 2025 and 2024 are set out below:

## BASIC BUILDING MATERIALS SEGMENT

	For the year ended 31 December		
	2025	2024	Growth rate
Sales volume – cement ( <i>in thousand tonnes</i> )	<b>193,355</b>	216,523	-10.7%
Sales volume – clinker ( <i>in thousand tonnes</i> )	<b>23,351</b>	28,257	-17.4%
Total sales of cement and clinker ( <i>in thousand tonnes</i> )	<b>216,706</b>	244,780	-11.5%
Average selling price – cement ( <i>RMB per tonne</i> )	<b>239.0</b>	254.7	-6.2%
Average selling price – clinker ( <i>RMB per tonne</i> )	<b>207.7</b>	219.5	-5.4%
Average selling price of cement and clinker ( <i>RMB per tonne</i> )	<b>235.6</b>	250.6	-6.0%
Sales volume – commercial concrete ( <i>in thousand m<sup>3</sup></i> )	<b>75,775</b>	78,802	-3.8%
Average selling price – commercial concrete ( <i>RMB per m<sup>3</sup></i> )	<b>286.1</b>	311.6	-8.2%
Sales volume – aggregate ( <i>in thousand tonnes</i> )	<b>139,558</b>	141,034	-1.0%
Average selling price – aggregate ( <i>RMB per tonne</i> )	<b>36.6</b>	36.9	-0.8%

## NEW MATERIALS SEGMENT

	For the year ended 31 December		
	2025	2024	Growth rate
Fiberglass			
Sales volume ( <i>in thousand tonnes</i> )	<b>4,100</b>	3,978	3.1%
Average selling price ( <i>RMB per tonne</i> )	<b>4,711</b>	4,177	12.8%
Gypsum board			
Sales volume ( <i>in million m<sup>2</sup></i> )	<b>2,146.9</b>	2,170.8	-1.1%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	<b>5.42</b>	5.87	-7.7%
Wind power blade			
Sales volume ( <i>MW</i> )	<b>36,180</b>	23,996	50.8%
Average selling price ( <i>RMB per MW</i> )	<b>348,121</b>	355,660	-2.1%
Coatings			
Sales volume ( <i>in thousand tonnes</i> )	<b>1,274.25</b>	931.75	36.8%
Average selling price ( <i>RMB per tonne</i> )	<b>3,227</b>	3,578	-9.8%
Waterproofing membrane			
Sales volume ( <i>in million m<sup>2</sup></i> )	<b>247.7</b>	230.0	7.7%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	<b>13.38</b>	14.44	-7.3%
Lithium battery separator			
Sales volume ( <i>in million m<sup>2</sup></i> )	<b>3,328.0</b>	1,895.8	75.5%
Average selling price ( <i>RMB per m<sup>2</sup></i> )	<b>0.72</b>	0.80	-10.0%
Carbon fiber			
Sales volume ( <i>in thousand tonnes</i> )	<b>25.05</b>	16.34	53.3%
Average selling price ( <i>RMB per tonne</i> )	<b>86,328</b>	94,543	-8.7%

## ENGINEERING TECHNOLOGY SERVICE SEGMENT

	As at 31 December		
	2025	2024	Growth rate
Engineering service income ( <i>RMB in millions</i> )	<b>48,839.3</b>	45,464.3	7.4%

# Chairman's Statement



**Mr. Zhou Yuxian**

Chairman  
Executive Director

Dear Shareholders,

As time moves forward, we advance with clarity and purpose. Following the successful conclusion of the “14th Five-Year Plan”, we have embarked on the “15th Five-Year Plan” journey, navigating a year defined by both pressure and progress. Reflecting on 2025, with the trust and support of our Shareholders, the Board actively fulfilled its core functions of “setting strategies, making decisions, and mitigating risks”. Together, the management and all employees united with dedication to overcome difficulties and forge ahead. On behalf of the Board, I am pleased to present the Company’s 2025 Annual Report and key results for the year to our Shareholders for your review. I would also like to express my sincere gratitude to all parties concerned for your longstanding interest in and support for the development of the Company.

In 2025, facing challenges such as the imbalance between robust supply and weak demand, the overlapping effects of cyclical and structural overcapacity, and intensifying market competition, we withstood significant pressure, forged ahead against the odds, and coordinated efforts to stabilize growth while cultivating new drivers, consistently achieving new milestones in high-quality development. The basic building materials segment proactively responded to the downward pressure on demand, focusing on both internal optimization and external improvements to solidify its operational foundation. The new materials segment experienced remarkable growth, with its performance reaching new heights. The engineering technology services segment achieved breakthroughs in major project execution and expanded into premium markets.

**This year, we “optimized existing assets” and “expanded incremental growth”, continuously strengthening our development momentum.** The basic building materials segment focused on accelerating intelligent, green, and international transformation. It proactively engaged in the carbon trading market and improved the industry ecosystem through green initiatives. Large models for the building materials industry were deployed in over 140 cement production scenarios, accelerating the advancement of both the industry chain and value chains towards the mid-to-high end, thereby generating added value

## Chairman's Statement *(Continued)*

amid the new normal of industry development. The new materials segment demonstrated strong momentum. The world's first zero-carbon intelligent manufacturing base in the fiberglass industry was completed. Carbon fiber production capacity ranked among the global top three. Wind power blades achieved major breakthroughs in the deep-sea applications. Aviation composites supported the development of domestic aircraft. Other businesses within the segment also grew synergistically, collectively building a vibrant materials industry cluster.

**This year, we “managed variables” and “enhanced quality”, making our reform and innovation efforts more dynamic and effective.** We prioritized technological innovation as the “flagship project”, accelerating the deep integration of technological and industrial innovation to strive for a leap “from 0 to N”. We improved the mechanism for commercializing scientific research results, jointly established the Suzhou Advanced Materials Valley, continuously optimized the capital operation system, and effectively promoted the integration of the innovation, industrial, and capital chains, providing strong support for the “second curve” of growth. We accelerated digital transformation, promoting the multiplier effect of data elements across all business scenarios.

**This year, we focused on “expanding globally”, “integrating locally”, and “moving upward”, to solidify our global footprint.** Anchored by the strategic direction of internationalization, we strengthened internal and external synergies and enhanced systems integration to provide holistic solutions for overseas customers, continuously improving our internationalization index. We completed our first overseas equity merger and acquisition project in the basic building materials sector in Tunisia. In regions such as Brazil, Uzbekistan, South Africa, and Papua New Guinea, our various production bases progressed steadily with construction and operations. Our cement engineering technology services maintained the world's largest market share for the 17th consecutive year, turning our mission of “Better materials, better world” into reality.

Building on our legacy and embarking on a new journey, 2026 marks the first year of the “15th Five-Year Plan”. The environment for our development still presents both strategic opportunities intertwined risks and challenges. Accelerating changes unseen in a century, the domestic economy's shift towards higher quality and innovation, profound adjustments in demand structure, rapid transformation of the industrial system, and stabilization of the industry ecosystem. In short, positive factors are accumulating, while negative factors are being swiftly addressed. New industries, new models, and new drivers are accelerating their growth, and the internal momentum for development continues to build. The fundamental trend of economic recovery and long-term improvement remains unchanged. The path forward has never been smooth. We will deeply study this transitional phase, proactively identify, adapt to, and seek changes. We will orchestrate a combination of measures for high-quality development, carrying forward our past achievements to strive for a new era of high-quality growth.

**In the new year, we will strengthen the integration of transformation and upgrading to consolidate the foundation for growth.** We will empower our development with digitalization, driving intelligent upgrades across all business operations, accelerating the “valorization of digital assets”, and creating a digitally enabled industry. We will embrace the future through green development, accelerating the green and low-carbon transition to achieve, cultivating new drivers for development. The basic building materials segment will focus internally on optimizing layout and strengthening management, and externally on expanding markets and seeking breakthroughs. The new materials segment will continue to consolidate its development advantages and accelerate industrial tiered upgrading. We will optimize resource allocation and accelerate the layout of the “second curve” business. The engineering technology segment will continuously refine its business model and accelerate its transformation into a total solutions provider.

**In the new year, we will strengthen the integration of international and domestic markets to expand the boundaries of growth.** In the international market, we will strengthen our innovation in internationalization models, reinforce organizational system support, and intensify internal and external synergies. In the domestic market, we will closely monitor major infrastructure demands to seize development opportunities, pay close attention to new application scenarios to expand market space, and focus on consumption upgrade demands to solidify our competitive advantages.

Looking back, we have grown and strengthened through trials and challenges. Looking ahead, we will continue to shoulder our responsibilities and mission with courage. Conquering peaks after peaks with perseverance and resilience, we will carry forward our legacy, pioneer innovation, and write a new chapter for the high-quality development of the Company.

**Zhou Yuxian**  
Chairman

Beijing, the PRC  
30 March 2026

# Management Discussion and Analysis





# Management Discussion and Analysis

## DEVELOPMENT ENVIRONMENT

In 2025, amid profound and complex changes both at home and abroad, the Chinese government adhered to the general principle of pursuing progress while ensuring stability, fully implemented the new development philosophy, and introduced macroeconomic policies with greater resolve and effectiveness. Despite pressures, the economy demonstrated strong resilience, steadily advancing toward higher-quality and more innovation-driven growth while accelerating the creation of a new development paradigm. In 2025, GDP grew by 5.0% year-on-year, while fixed asset investment fell by 3.8% year-on-year, indicating a further weakening of its role in driving economic expansion. Notably, infrastructure investment declined by 2.2% year-on-year, marking its first negative growth on record, while real estate development investment plunged by 17.2% year-on-year, hitting a new low.

The Chinese government reaffirmed its dedication to innovation-led development, aiming to build a modern industrial system and cultivate new quality productive forces tailored to local conditions. The integration of technological and industrial innovation accelerated, with traditional industries undergoing deeper transformation and upgrading, and emerging industries and future industries blooming. Modern service industries maintained rapid growth, driven by digital intelligence and green transformation, which not only opened up new development opportunities but also posed challenges for the Company's sustainable development.

## OPERATION IN 2025

In response to numerous operational challenges, the Group demonstrated resilience, overcame difficulties and made progress while ensuring stability. Our asset quality continued to improve, and our industrial structure became more innovative and optimized.

## Management Discussion and Analysis *(Continued)*

### Basic building materials segment

In 2025, fixed asset investment nationwide recorded its first negative growth, with both infrastructure investment and real estate investment, which drive cement demand, declining across the board. The real estate sector continued its deep adjustment, with new construction starts decreasing by 20.4% year-on-year. Cement demand declined for the fifth consecutive year, with national cement output reaching approximately 1.69 billion tonnes in 2025, a year-on-year decrease of 6.9%. The industry actively promoted initiatives such as ecological improvement, the phase-out of inefficient production capacity, green transformation, and the implementation of carbon trading, continuously restoring industry profitability and the ecological environment.

The Group's basic building materials segment proactively responded to the downward pressure on demand. Externally, it promoted ecological improvement in the industry and fully implemented staggered peak production to restore prices and stabilize market share. Internally, it deepened the "Management of Three Delicacies", thoroughly explored potential, and achieved extreme cost reduction and efficiency gains, making every effort to solidify its operational foundation.

- **We actively pursued key projects and optimized our sales structure.** Sales volume of specialty and dedicated cement increased by 13.3% year-on-year. Among which, sales of oil well cement grew by 13.4% year-on-year. We also achieved a breakthrough with the first-ever sales of marine engineering cement.
- **We focused on refined management, significantly reducing costs and controlling expenses to enhance operational efficiency.** The costs for cement and commercial concrete decreased by 7% and 12% year-on-year, respectively.
- **Internationalization achieved a breakthrough.** Overseas revenue and profit recorded year-on-year growth of 93% and 181%, respectively.
- **Progress was also made in the "Dual Carbon" front.** Carbon emission intensity per tonne of clinker decreased by 1.16% year-on-year. We participated in the drafting of 6 industry standards related to carbon management for cement enterprises, achieving 100% compliance rate in carbon trading.

## Management Discussion and Analysis *(Continued)*

### New materials segment



#### Fiberglass

In 2025, the fiberglass industry entered a phase of parallel structural adjustment and scaled growth, characterized by “high-end capacity expansion, an optimized competitive landscape, and demand driven by the new energy sector”. Low-end capacity was phased out from the market more rapidly, while favorable policies for key industries such as new energy vehicles, wind power, and new energy storage, along with the rise of emerging applications, injected vitality for the industry’s long-term growth.

- Through a disciplined sales strategy that encompassed volume growth, price recovery, stabilization, and adjustment, the Group recorded both volume and price increases, leading to year-on-year revenue and profit growth while proactively optimizing its product mix and upgrading towards “high value-added, high gross profit” products;
- **Adhering to the principles of “high-end industrialization, product diversification, and market internationalization”**, we successfully developed specialty fibers and products such as low-dielectric and low-expansion variants, achieving full-category coverage of specialty fabrics and securing certification and bulk supply from leading domestic and international customers. We stabilized our international foundation while accelerating expansion into emerging markets;
- **We accelerated the implementation of industrial layout.** Construction commenced on the Taishan Fiberglass specialty fiber fabric project. Two production lines at the Taiyuan base were launched and began operation. The production line at the Jushi Huaian zero-carbon fiberglass manufacturing base, with an annual output of 100,000 tonnes of electronic-grade fiberglass and 390 million metres of electronic fabric, began operation successfully. The second phase of the Jushi Jiujiang intelligent manufacturing base, a 200,000-tonne annual production line project, was fully completed and operational.

## Management Discussion and Analysis *(Continued)*



### Gypsum board

In 2025, the gypsum board industry faced the compounded effects of cyclical and structural oversupply, intensifying market competition and accelerating the industry's shift towards high-end and green development. Squeezed by pricing pressures and stricter environmental regulations, small and medium-sized enterprises were forced out of the market at a faster pace, consolidating market share among leading enterprises who possessed advantages in respect of their brand, quality, and supply chain.

- The Group's gypsum board business **advanced its channel development and strategic optimization**. Focusing on R&D and innovation for the home decoration sector, we deepened strategic partnerships with leading home furnishing enterprises and continuously strengthened channel construction. We drove market penetration through a "big store in a small city" approach and leveraged new media platforms to enhance brand communication, resulting in sustained growth for the "Gypsum Board+" business;
- **We remained committed to product innovation**, improving product performance and broadening application fields. At the same time, through process optimization and collaborative procurement, we achieved refined cost control, further consolidating our competitive edge;
- **We accelerated the development of our international business**. The Tanzanian and Central Asian bases continued their high-quality development, while the Thailand base turned profitable in its first year of operation.



### Wind power blade

In 2025, the wind power blade industry was defined by "accelerated product upscaling, deeper material innovation, increased industrial concentration, and structural shifts in overseas expansion". The global market grew steadily, while technology and supply chain underwent structural upgrades.

- Amidst intense industry competition, the Group seized market opportunities, efficiently allocated production resources, and implemented continuous cost-reduction and efficiency-enhancement measures, achieving simultaneous revenue and profit growth. By embedding ourselves deeply into customer development processes, we facilitated the rapid iteration of the SI108 product series, steadily increased our order share, **and maintained the world's number one market share**;
- **Committed to technological self-reliance**, Sinoma Blade developed a high-performance airfoil family and applied it across multiple products. We launched the SI122F blade for floating offshore wind turbines, setting multiple records in 2025 for the largest single-unit capacity and largest rotor diameter among turbines installed globally;
- **We further expanded our global business layout**. The Brazil base was completed and became operational. We initiated planning for a second overseas base project in Uzbekistan and advanced cooperation with leading international turbine manufacturers.

## Management Discussion and Analysis *(Continued)*



### *Other businesses*

- **The coating business** continuously strengthened its technological edge, launching differentiated products for various application scenarios to enhance value. Steady progress was made in its layout and construction, integrating Carpoly and Great Bridge Paint for synergistic development, achieving record highs in both revenue and profit.
  - **The waterproofing membrane business** focused on the urban renewal sector, expanding into civil construction and repair markets, and accelerating the build-out of a national service network. It optimized its business structure, continuously improved customer quality, and restructured Yuanda Hongyu, strengthening market coverage in North China, achieving simultaneous growth in revenue and profit against the market trend.
  - **The lithium battery separator business** consistently executed its major customer strategy, resulting in a stepwise sales growth. Focusing on scaling, lean management, and globalization, new production lines in Nanjing, Pingxiang, and Yibin successfully completed certification by key customers on schedule. Unit cost of products decreased by approximately 10%, and construction began on our first overseas project, the Hungary base. We focused on the three key areas of base film, coating, and separators for solid-liquid hybrid batteries, achieving mass production of 5 $\mu$ m ultra-thin, high-strength base film, overcoming the 1 $\mu$ m ultra-thin ceramic coating technology, and completing the development of separators for solid-liquid hybrid and sodium batteries, which have passed customer verification.
- 
- **The graphite new materials business** surpassed RMB1 billion in revenue. Hengke Company successfully met its performance targets post-restructuring, with both graphite powder production and sales reaching record highs.
  - **The hydrogen energy cylinders business** maintained its industry leadership, ranking first in hydrogen cylinder production and sales volume as well as the number of vehicle model announcements. It expanded into high value-added sectors, with new products such as high-pressure tube trailers experiencing rapid sales growth.
  - **In 2025, the carbon fiber business** achieved a significant year-on-year increase in sales volume and returned to profitability. A major technological breakthrough in carbon fiber technology was achieved in March 2026 with the global launch and commercial mass production of SYT80 (T1200 grade) ultra-high-strength carbon fiber.



## Management Discussion and Analysis (Continued)

### Engineering Technical Services Segment

In 2025, under the combined influence of the “dual carbon” and “dual control” policies, the domestic market underwent a profound structural adjustment in demand, with supply-demand imbalances gradually easing. Driven by the “Belt and Road” Initiative and the EU’s decarbonization and carbon tariff policies, the international market saw sustained demand recovery and price divergence, with structural growth in new energy, new infrastructure, and high-end equipment sectors.

- The Group’s engineering technology services segment continued to consolidate its core advantages. New contracts signed during the year reached a record high, with newly signed overseas contracts accounting for 63% and growing 24% year-on-year.
- The segment optimized the “two external” layout for its business, with core equipment successfully entering overseas mid-to-high-end markets and achieving breakthrough growth in new equipment contract value.
- The segment enhanced the digital intelligence empowerment effect of its production and operations, forming a full-scenario solution encompassing “smart factories + digital mines + expert systems”. The number of cement production lines under operation and maintenance services stood at 74, and mine operation and maintenance service projects totaled 326, including 18 overseas mine operation and maintenance projects and 20 projects in non-core industries.
- The cultivation of green productivity accelerated. New contracts signed for green energy and environmental protection engineering during the year totaled RMB1.9 billion, establishing a number of benchmark projects for the resource utilization and high-value application of bulk solid waste.
- Developing global local operations, strengthening strategic guidance, and improving incentive and empowerment mechanisms resulted in an internationalization index of 47.65%, a year-on-year increase of 2.82 percentage points.

### PUSHING THROUGH REFORM FOR ENHANCED QUALITY

#### Great advancement of Deepening Reform and Enhancing Action

- The deepening and enhancement of reform initiatives were successfully concluded, with all tasks outlined in the reform roadmap fully accomplished.

#### Constant manifestation of the effectiveness of Corporate Governance

- The effectiveness of corporate governance continued to improve. We advanced the construction of subsidiary company boards in a tiered and categorized manner, and the delegation of authority from the board to the management became more standardized. 23 model boards of directors and 277 compliant boards of directors had been established. 676 eligible subsidiary companies completed the reform of their supervisory committees and the transfer of their functions.

#### Medium and Long-Term Incentives Increase in Quality and Expansion

- Medium-and-long-term incentives were expanded in both quality and coverage. BNBM completed the grant and registration of restricted shares. The restricted share plan for China Jushi and the share option scheme for Sinoma Science & Technology received board approval, newly covering 80 companies and 976 individuals.

## Management Discussion and Analysis (Continued)



### DRIVING CHANGE THROUGH INNOVATION

**Innovation system optimization:** The Company formulated its “15th Five-Year Plan” for scientific and technological development, with deployments focusing on key areas such as new energy, intelligent manufacturing, green and low-carbon technologies, the low-altitude economy, and aerospace. China Jushi, Taishan Fiberglass, and Nanjing Fiberglass R&D Institute deepened their collaborative innovation, integrating production and research. Cooperation with Suzhou City, Suzhou Laboratory, and Nanjing University was strengthened through active participation in the construction of the “Suzhou Advanced Materials Valley”.

**Enhanced original innovation capabilities:** Throughout the year, 67 national-level projects were implemented. 2 new entities were added as pilot units for the National Natural Science Foundation. The Group participated in the construction of the National Wind Power Technology Innovation Center. The development of 4 industrial R&D centers for basic building materials and non-metallic minerals was advanced. 5 pilot-scale testing platforms were included in the national catalogue. During the year, 782 new invention patents and 105 international patents were authorized, bringing the cumulative total of valid invention patents to over 5,400. The Group led the formulation and revision of 5 international standards.

**Deepening integration of technology and industry:** 47 new materials from 10 subsidiaries were showcased at the Ministry of Housing and Urban-Rural Development’s “Good Housing” technology exhibition. The “Green and Low-Carbon Technology Achievements Promotion Catalogue” was revised and released. High-early-strength and low-heat cement was applied in the Sichuan-Tibet Railway project. A new generation of low-dielectric fiberglass was adopted by leading international AI chip manufacturers. A number of demonstration projects involving phosphogypsum, slag powder, and coal gangue were successfully signed. During the year, the Group added 1 new “Champion Enterprise in a Niche Manufacturing Sector,” 1 key specialized and sophisticated “Little Giant” enterprise, and 4 specialized and sophisticated “Little Giant” enterprises. Cumulatively, the Group now has 11 “Champion Enterprises in a Niche Manufacturing Sector,” 24 specialized and sophisticated “Little Giant” enterprises, and 261 national-level high-tech enterprises.



### DEEPENING THE INTEGRATION OF DIGITAL AND REAL ECONOMIES

#### • Building a Standardized Digital Operation System

The Company formally transitioned from the “process development stage” to a “new operational stage of process adaptation, execution, and iteration”. Version 1.0 of the three-system architecture was released, covering 9 business domains, 319 processes, 2,610 process activities, and 304 key control points.

#### • Exploring New Pathways for Assetization and Marketization

A leap was achieved from “initial exploration” to “large-scale monetization” of data value, with the total amount of data assets recorded on the balance sheet surpassing RMB48 million.

A breakthrough was achieved with the first data asset transaction, facilitated by promoting cooperation between BNBM’s Carpoly and the Beijing Big Data Exchange. Pathways for the assetization and marketization of data were also explored within the basic building materials segment.

#### • Promoting the Digital and Intelligent Transformation of Industries for Quality and Efficiency

The large model for the building materials industry was deployed across 76 factories within the basic building materials segment, reducing average costs by RMB2 per tonne in the cement production process as compared to processes that did not involve the use of large model.

The “Gradient Cultivation Plan for Smart Factories” was formulated. The “Smart Gypsum Board Factory Standard 2.0” was released, while the “Smart Mine Standard 2.0” was drafted. These actions further refined the construction standards for smart factories in specialized segments. In total, 9 “Excellent-level” smart factories, 33 “Advanced-level” smart factories, and 107 “Foundation-level” smart factories have been completed.



## Management Discussion and Analysis (Continued)



### CREATING GREEN PRODUCTIVITY

#### • Comprehensively Deepening Green Production

Comprehensive energy consumption per RMB10,000 of output value decreased by 8.92% year-on-year. Comprehensive energy consumption per tonne of cement clinker decreased by 3.78% year-on-year.

The proportion of cement production lines achieving ultra-low emissions reached 62.61%, representing an increase of 26.02 percentage points compared to the end of 2024.

The proportion of cement production lines that utilized alternative fuels reached 50.84%, representing an increase of 5.84 percentage points compared to the end of 2024. The fuel thermal substitution rate reached 6.50%.

The proportion of cement clinker production capacity meeting benchmark levels accounted for 54.01%, representing an increase of 19.51 percentage points compared to the end of 2024.

The installed capacity of waste heat power generation for cement enterprises reached 1,771.30 MW, generating 5.099 billion kWh of electricity annually, reducing CO<sub>2</sub> emissions by 3.759 million tonnes;

A total of 54 cement kiln co-processing production lines have been completed, with an annual processing capacity of 1.3246 million tonnes;

Newly added installed capacity from "Photovoltaic+" projects reached 192 MW, with cumulative installed capacity reaching 821 MW and 500 MW under construction. Self-generated wind and solar power consumption increased by 118% year-on-year;

NO<sub>x</sub>, SO<sub>2</sub>, and industrial particulate matter emissions decreased by 13%, 6%, and 8% year-on-year, respectively.

8 green mines and 18 new green factories were added. In total, 161 green mines, 275 green factories, and 28 zero-waste factories have been completed.

#### • Accelerating the Implementation of the Dual Carbon Goals

The Company's "Work Plan for Accelerating the Establishment of a Dual Control System for Carbon Emissions" was formulated.

100% of cement enterprises completed their first carbon compliance obligations on schedule, with the carbon management platform achieving 100% online coverage.

CO<sub>2</sub> emissions per RMB10,000 of output value decreased by 4.42% year-on-year. CO<sub>2</sub> emissions per tonne of clinker decreased by 1.16% year-on-year.

# Management Discussion and Analysis (Continued)

## OUTLOOK FOR 2026

2026 marks not only the first year of the “15th Five-Year Plan” but also a critical period for the Company’s high-quality development against the challenges as the Company pursues transformation and upgrading and seeks new quality drivers. Currently, external environment is exerting greater influence on China’s economic development, and, the domestic imbalance between robust supply and weak demand remains prominent. However, the fundamental conditions supporting long-term positive growth remain unchanged. In response, the Chinese government will implement more proactive and effective macroeconomic policies to continuously expand domestic demand, optimize supply, drive incremental growth, revitalize existing assets, and cultivate new quality productive forces tailored to local conditions. These efforts aim to promote qualitative and effective improvements and reasonable quantitative growth in the economy, laying a solid foundation for the “15th Five-Year Plan” and unlocking new opportunities for the Company’s development.



The Group will continuously strengthen its capabilities in value creation, industrial system development, innovation-driven growth, internationalization, and green and intelligent transformation. By accelerating the development of the “second curve” of growth, we strive to build a world-class material enterprise.



**Strengthening goal orientation to improve operating performance.** We will ensure the steady improvement of “One Profit” and the continuous optimization of the “Five Ratios”. We will deepen management empowerment and continuously strengthened value creation. We will continuously advance comprehensive risk management, precisely deploy risk controls in key areas, strengthen the closed-loop system for comprehensive compliance management, and enhance the effectiveness of internal audit supervision.



**Continuously optimizing the industrial layout to enhance the core competitiveness of the industry.** The basic building materials segment will accelerate quality improvement and upgrading, focusing on improving the competitiveness of core regions and production lines, accelerating the integration of specialty cement production capacity and its international expansion, and strengthening innovation in business models. The new materials segment will continue to expand through a gradient development strategy, empowering and solidifying the industrial cluster through multi-dimensional efforts and accelerating industrial gradient upgrading by comprehensively utilizing methods such as new investment construction, mergers and acquisitions, and strategic cooperation. The engineering technology services segment will leverage its customer resources, brand advantages, and project management expertise, accelerating its transformation into a comprehensive service provider for the entire industrial chain. We will promote the high-quality development of international operations, accelerate the “going global” initiative for basic building materials, and strengthen innovation in asset-light and moderately diversified business models. Based on actual business needs, we will accelerate the overseas expansion of new materials and service businesses.



**Continuing to promote technology innovation, digitalization, and greening to empower development.** We will strengthen original innovation and tackle key core technologies. We will accelerate the deep integration of the innovation and industrial chains, systematically optimizing the innovation ecosystem. We will accelerate digital transformation, strengthen AI-driven initiatives, and support transformation and development. We will comprehensively advance the green and low-carbon transition, and accelerate the implementation of our dual carbon goals.



**Pushing through reforms and enhancing the overall effectiveness of reform measures.** We will increase the intensity of medium and long-term incentives guided by technological innovation. We will improve market-oriented operating mechanisms and implement the new reform. We will enhance corporate governance efficiency to build a governance system that is scientifically structured, rationally decisive, and operationally efficient.



**Strengthening value management and consolidating the market value realization system.** Based on value creation, we will continue to enhance our market value management mechanisms, improve investor returns, and effectively allow investors to share in the dividends of the Company’s development. Through strengthening the strategic role of ESG, we will elevate ESG governance and practice levels.



# Management Discussion and Analysis *(Continued)*

## FINANCIAL REVIEW

The revenue of the Group decreased by 1.9% from RMB181,300.7 million in 2024 to RMB177,847.1 million in 2025. The profit attributable to equity holders of the Company decreased by 256.9% from RMB2,387.3 million in 2024 to RMB-3,745.3 million in 2025.

### Revenue

Our revenue in 2025 amounted to RMB177,847.1 million, representing a decrease of 1.9% from RMB181,300.7 million in 2024. This was primarily due to a decrease of RMB13,255.8 million in the revenue of the Group's basic building materials segment, which was partially offset by an increase of RMB7,005.1 million in the revenue of the new materials segment and an increase of RMB3,375.0 million in the revenue of the engineering technical services segment.

### Cost of sales

Our cost of sales in 2025 amounted to RMB144,595.2 million, representing a decrease of 2.7% from RMB148,591.4 million in 2024. This was primarily due to a decrease of RMB12,123.4 million in the cost of sales of the Group's basic building materials segment, which was partially offset by an increase of RMB5,444.3 million in the cost of sales of the new materials segment and an increase of RMB3,318.3 million in the cost of sales of the engineering technical services segment.

### Other income

Other income of the Group decreased by 12.9% from RMB5,533.4 million in 2024 to RMB4,818.8 million in 2025. This was primarily due to a decrease of RMB826.6 million in gain on disposal of assets and a decrease of RMB147.7 million in VAT refunds, which were partially offset by an increase of RMB70.0 million in net gain from changes in fair value of financial assets at fair value through profit or loss and an increase of RMB47.6 million in government grants.

### Selling and distribution costs

Selling and distribution costs increased by 5.7% to RMB4,141.8 million in 2025 from RMB3,918.3 million in 2024. This was primarily due to an increase of RMB139.2 million on labour costs.

### Administrative expenses

Administrative expenses increased by 32.0% to RMB27,222.1 million in 2025 from RMB20,624.6 million in 2024. This was primarily due to an increase of RMB3,489.1 million in impairment provisions for property, plant and equipment, an increase of RMB3,017.8 million in impairment provisions for goodwill, which was partially offset by a decrease of RMB389.0 million in research and development fees and the decrease of RMB266.8 million in foreign exchange loss.

### Finance costs

Finance costs decreased by 6.7% to RMB4,344.0 million in 2025 from RMB4,657.8 million in 2024. This was primarily due to the decrease in the Group's borrowing costs.

## Management Discussion and Analysis *(Continued)*

### FINANCIAL REVIEW *(CONTINUED)*

#### Share of results of associates

The Group's share of results of associates decreased by 21.8% to RMB853.5 million in 2025 from RMB1,090.9 million in 2024. This was primarily due to a decrease in profit from CNBM Institute, an associate of the Group, as well as a decrease in profit from associates in the basic building materials segment, which was partially offset by an increase in profit from China Jushi, an associate of the Group.

#### Provision under expected credit losses

The provision under expected credit losses increased by 226.5% to RMB2,055.8 million in 2025 from RMB629.7 million in 2024.

#### Income tax expense

Income tax expense increased by 0.4% to RMB2,087.9 million in 2025 from RMB2,079.8 million in 2024.

#### Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 46.3% to RMB2,424.2 million in 2025 from RMB4,511.9 million in 2024. This was primarily due to the decrease in operating profit of basic building materials segment and engineering technical services segment of the Group.

#### Profit (loss) attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 256.9% to RMB-3,745.3 million in 2025 from RMB2,387.3 million in 2024. Net profit margin decreased to -2.1% in 2025 from 1.3% in 2024.

#### Basic building materials segment

##### *Revenue*

Revenue of basic building materials segment of the Group in 2025 amounted to RMB77,845.7 million, representing a decrease of 14.6% from RMB91,101.6 million in 2024, mainly attributable to the decrease in the average selling price of cement products, commercial concrete and aggregate and the decrease in sales volume of cement products, commercial concrete, and aggregate.

##### *Cost of sales*

Cost of sales of basic building materials segment of the Group in 2025 amounted to RMB65,806.4 million, representing a decrease of 15.6% from RMB77,929.8 million in 2024, mainly attributable to the decrease in sales volume of cement products, commercial concrete and aggregate and the decrease in coal price.

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

Gross profit of basic building materials segment of the Group decreased by 8.6% to RMB12,039.3 million in 2025 from RMB13,171.8 million in 2024, mainly attributable to the decrease in the average selling price of cement products, commercial concrete, and aggregate, which was partially offset by the decrease in coal price. Gross profit margin of the basic building materials segment of the Group increased from 14.5% in 2024 to 15.5% in 2025.

## Management Discussion and Analysis *(Continued)*

### FINANCIAL REVIEW *(CONTINUED)*

#### Basic building materials segment *(Continued)*

##### **Operating profit**

Operating profit of basic building materials segment of the Group decreased by 194.1% to RMB-3,740.7 million in 2025 from RMB3,976.7 million in 2024, primarily due to a decrease in gross profit, an increase of RMB3,013.7 million in impairment provisions for goodwill and an increase of RMB2,760.7 million in impairment provisions for property, plant and equipment due to the exit of capacity in respect of certain cement and clinker production lines in the course of production capacity replacement and other factors, a decrease in gain on disposal of assets, and an increase in impairment provisions for receivables, which were partially offset by a decrease in research and development costs. Operating profit margin of the basic building materials segment of the Group decreased from 4.4% in 2024 to -4.8% in 2025.

#### New materials segment

##### **Revenue**

Revenue of new materials segment of the Group increased by 14.4% to RMB55,556.7 million in 2025 from RMB48,551.7 million in 2024. This was mainly attributable to an increase in sales volume of fiberglass yarn, wind power blade, coating, waterproofing membrane, and lithium battery separator, which was partially offset by a decrease in the average selling price of gypsum board, wind power blade, coating, waterproofing membrane, and lithium battery separator, as well as a decrease in sales volume of gypsum board.

##### **Cost of sales**

Cost of sales of new materials segment of the Group increased by 14.3% to RMB43,438.4 million in 2025 from RMB37,994.2 million in 2024, mainly attributable to the increase in sales volume of fiberglass yarn, wind power blade, coating, waterproofing membrane and lithium battery separator, which was partially offset by the decrease in the prices of raw material and coals.

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

Gross profit of new materials segment of the Group increased by 14.8% to RMB12,118.3 million in 2025 from RMB10,557.5 million in 2024. Gross profit margin of new materials segment of the Group increased to 21.8% in 2025 from 21.7% in 2024. This was primarily due to a decrease in the prices of raw materials and coal, which was partially offset by a decrease in the average selling prices of gypsum board, wind power blade, coating, waterproofing membrane and lithium battery separator.

##### **Operating profit**

Operating profit of new materials segment of the Group increased by 11.8% to RMB6,257.8 million in 2025 from RMB5,595.7 million in 2024. The operating profit margin of new materials segment of the Group decreased to 11.3% in 2025 from 11.5% in 2024, mainly attributable to a decrease in VAT refunds, an increase in labour costs, an increase in research and development costs, and an increase in impairment provisions for receivables, which were partially offset by an increase in gross profit margin and an increase in gain on disposal of assets.

# Management Discussion and Analysis *(Continued)*

## FINANCIAL REVIEW *(CONTINUED)*

### Engineering technical services segment

#### Revenue

Revenue of engineering technical services segment of the Group increased by 7.4% to RMB48,839.3 million in 2025 from RMB45,464.3 million in 2024, mainly attributable to the increase in the numbers of engineering technical services completed for the current period.

#### Cost of sales

Cost of sales of engineering technical services segment of the Group increased by 9.0% to RMB40,223.7 million in 2025 from RMB36,905.4 million in 2024, mainly attributable to the increase in the numbers of engineering technical services completed for the current period.

#### Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group increased by 0.7% to RMB8,615.6 million in 2025 from RMB8,558.9 million in 2024. Gross profit margin of engineering technical services segment of the Group decreased to 17.6% in 2025 from 18.8% in 2024, mainly attributable to a decrease in the gross profit margin of engineering technology services and high-end equipment manufacturing.

#### Operating profit

Operating profit of engineering technical services segment of the Group decreased by 9.3% to RMB3,209.1 million in 2025 from RMB3,537.2 million in 2024. Operating profit margin of engineering technical services segment of the Group decreased to 6.6% in 2025 from 7.8% in 2024, which was mainly attributable to a decrease in gross profit margin, an increase in labour cost and an increase in impairment provisions for receivables, which were partially offset by a decrease in foreign exchange losses, an increase in government grants, and an increase in gain on disposal of assets.

### Liquidity and financial resources

As at 31 December 2025, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB405,600.00 million in total.

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

	<b>As at 31 December 2025</b>	2024
	<i>(RMB in millions)</i>	
Bank loans	<b>156,134.0</b>	150,972.5
Bonds	<b>35,500.8</b>	40,500.0
Borrowings from non-financial institutions	<b>1,409.3</b>	438.0
Total	<b>193,044.1</b>	191,910.5

## Management Discussion and Analysis *(Continued)*

### FINANCIAL REVIEW *(CONTINUED)*

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

	<b>As at 31 December</b>	2024
	<b>2025</b>	
	<i>(RMB in millions)</i>	
Borrowings are repayable as follows:		
Within one year or on demand	<b>90,626.6</b>	82,128.6
Between one and two years	<b>36,952.6</b>	35,209.6
Between two and three years	<b>26,839.3</b>	32,994.5
Between three and five years (inclusive of both years)	<b>24,475.0</b>	30,134.1
Over five years	<b>14,150.6</b>	11,443.7
<b>Total</b>	<b>193,044.1</b>	191,910.5

As at 31 December 2025, borrowings in the aggregate amount of RMB11,130.9 million were secured by assets of the Group with a total amount of RMB13,235.2 million.

As at 31 December 2025 and 31 December 2024, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 39.4% and 38.8%, respectively.

### Exchange Risks

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

### Contingent Liabilities

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

### Capital Commitments

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

	<b>As at 31 December</b>	2024
	<b>2025</b>	
	<i>(RMB in millions)</i>	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	<b>102.6</b>	1,396.1

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW (CONTINUED)

### Capital expenditures

The following table sets the our capital expenditures of the Group for the year ended 31 December 2025 by segment:

	For the year ended 31 December			
	2025	% of total	2024	% of total
	(RMB in millions)		(RMB in millions)	
<b>Basic building materials</b>	<b>9,336.6</b>	<b>44.0</b>	12,639.9	53.8
Cement	<b>7,747.9</b>	<b>36.5</b>	10,050.3	42.8
Commercial concrete	<b>276.6</b>	<b>1.3</b>	253.5	1.1
Aggregate	<b>1,312.1</b>	<b>6.2</b>	2,336.1	9.9
<b>New materials</b>	<b>8,056.7</b>	<b>37.9</b>	10,165.4	43.3
Glass Fiber	<b>2,936.5</b>	<b>13.8</b>	1,732.7	7.4
Gypsum board	<b>1,018.8</b>	<b>4.8</b>	877.6	3.7
Wind power blade	<b>496.6</b>	<b>2.3</b>	502.9	2.1
Coatings	<b>584.0</b>	<b>2.8</b>	2,974.5	12.7
Waterproof	<b>331.7</b>	<b>1.6</b>	187.4	0.8
Lithium battery separator	<b>1,343.5</b>	<b>6.3</b>	3,022.9	12.9
Other	<b>1,345.6</b>	<b>6.3</b>	867.4	3.7
<b>Engineering technical services</b>	<b>585.4</b>	<b>2.8</b>	640.5	2.7
<b>Repurchase of Shares</b>	<b>3,212.0</b>	<b>15.1</b>		
<b>Others</b>	<b>38.1</b>	<b>0.2</b>	55.5	0.2
<b>Total</b>	<b>21,228.8</b>	<b>100.0</b>	23,501.3	100.0

### Material Investment Plans

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

### Cash Flow From Operating Activities

For the year 2025, net cash inflow of the Group generated from operating activities was RMB22,518.2 million, representing a decrease of RMB677.7 million as compared to that of 2024 of RMB23,195.9 million, which was primarily due to the year-on-year decrease in the cash received for sales of goods and provision of labour services and the year-on-year increase in tax, which were partially offset by the year-on-year decrease in the cash paid by the Group for purchase of goods and receipt of labour services.

### Cash Flow From Investing Activities

For the year 2025, net cash outflow of the Group generated from investing activities was RMB9,368.9 million, representing a decrease of RMB10,907.8 million as compared to that of 2024 of RMB20,276.7 million, which was primarily due to the year-on-year decrease in cash paid by the Group for acquisition of property, plant and equipment and acquisition of subsidiaries.

### Cash Flow From Financing Activities

For the year 2025, net cash outflow of the Group generated from financing activities was RMB12,822.7 million, representing an increase of RMB6,253.1 million as compared to that of 2024 of RMB6,569.6 million, which was primarily due to the cash paid for share repurchases by the Group as well as the year-on-year decrease in net cash received by the Group on borrowings, which were partially offset by the year-on-year decrease in the cash paid for interest and dividends.

# Corporate Governance Report

The Company adhered to the principles of operating in accordance with laws and regulations, strictly abided by the laws and regulations and regulatory requirements, followed the development of rules in a timely manner, closely integrated the Company's development process and actual situation, revised and improved various internal systems, to meet the operating requirement of the Company. The Company is focused on building a coordinated operation mechanism for compliance, internal control and risk management, in order to build a comprehensive risk defense line for company operations. In terms of corporate governance, the Board of Directors, the Supervisory Committee, and the management uphold the principles of performing their duties in accordance with the law and diligently fulfilling their responsibilities, fully ensuring the Company's steady and compliant business operations while continuously improving the level of corporate governance.

Except for Code Provisions B.2.2 and B.3.5 of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules, the Company complied with all other code provisions of the Code for the year from 1 January 2025 to 31 December 2025. All the Directors of the current session of the Board elected on 19 November 2021 were subject to retirement by rotation by 19 November 2024, according to Code Provision B.2.2, which states that every Director should be subject to retirement by rotation at least once every three years. In light of the implementation of the H Share Buy-back Offer, in order to ensure the smooth continuation of the senior management of the Company and to facilitate the proposed amendments to the Articles of Association in accordance with the new Chinese Company Law, with the exception of the following Directors, the remaining Directors of the current session of the Board have not retired by rotation.

The former Director, Mr. Fu Jinguang, resigned as an executive Director on 20 September 2022 due to work adjustment. Mr. Liu Yan was appointed as an executive Director upon consideration and approval at the second extraordinary shareholders' meeting of 2022 convened on 19 December 2022. Later, Mr. Liu Yan resigned as an executive Director due to work adjustments on 16 January 2025. The former Director, Mr. Peng Shou, tendered his resignation as a non-executive Director due to work adjustment. Mr. Wei Rushan was appointed as an executive Director upon consideration and approval at the second extraordinary shareholders' meeting of 2022 convened on 19 December 2022. At the eighth meeting of the fifth Board of Directors convened on 27 October 2023, the Company approved the re-designation of the Director, Mr. Xiao Jiexiang, from an executive Director to a non-executive Director. Later, Mr. Xiao Jiexiang tendered his resignation as a non-executive Director on 16 January 2025. The former Director, Ms. Fan Xiaoyan, resigned as a non-executive Director due to work adjustment, which took effect upon consideration and approval at the 2023 Annual General Meeting convened on 29 April 2024 for the appointment of Mr. Chen Shaolong as a non-executive Director. In addition, on 28 August 2024, Mr. Chang Zhangli resigned as a non-executive director of the Company due to work adjustment; on 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director due to retirement. Ms. Miao Xiaoling was appointed as an executive Director upon consideration and approval at the extraordinary shareholders' meeting convened on 19 February 2025. On 21 October 2025, the Company received the resignation of Mr. Shen Yungang. As China Cinda no longer holds any shares in the Company, Mr. Shen Yungang has resigned as a non-executive Director.

Code provision B.3.5 of the CG Code requires that the Company should appoint at least one director of a different gender to the nomination committee. However, as at the date of the annual report, the nomination committee of the Company comprises three Directors, Mr. Zhou Yuxian, Mr. Sun Yanjun and Mr. Liu Jianwen. Leveraging on the existing nomination and diversity policies, the Board considered the current nomination committee could effectively reduce cognitive biases and expand the committee's connections for recruitment purposes so as to promote greater diversity in the Board.

The Board will regularly consider if the appointment of one director of a different gender to the nomination committee is necessary by reviewing the effectiveness of the committee and the relevant policies.

## Corporate Governance Report (Continued)

### I. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

### II. THE BOARD

During 2025, the Board of the Company held 11 plenary Board meetings to consider and determine various matters including overall corporate strategy, major investments and financing activities, personnel appointments and removals and policies revisions. All the then Directors attended the Board meetings in person or by proxy. The management is responsible for the specific implementation of resolutions of the Board and management of daily operations.

The members of the Board and the attendance of the Directors at Board meetings and Shareholders' meetings of the Company during 2025 are as follows:

#### Number of meetings attended/held during term of office

Name	Number of meetings attended/ held during term of office						
	The Board	The Strategic Steering Committee	The Nomination Committee	The Remuneration and Performance Appraisal Committee	The Audit Committee	Environmental, Social and Governance Committee	Shareholders' Meetings
<b>Current Director</b>							
<b>Executive Directors</b>							
Zhou Yuxian ( <i>Chairman</i> )	11/11	3/3	2/2	2/2	-	2/2	7/7
Wei Rushan	11/11	3/3	-	-	-	-	7/7
Wang Bing	11/11	-	-	-	-	-	7/7
Miao Xiaoling	10/10	-	-	-	-	-	4/4
<b>Non-executive Directors</b>							
Wang Yumeng	11/11	-	-	-	-	-	7/7
Chen Shaolong	11/11	-	-	-	-	-	7/7
<b>Independent Non-executive Directors</b>							
Sun Yanjun	11/11	-	2/2	2/2	-	-	7/7
Liu Jianwen	11/11	-	2/2	-	5/5	-	7/7
Zhou Fangsheng	11/11	3/3	-	2/2	-	-	7/7
Li Jun	11/11	-	-	-	5/5	2/2	7/7
Xia Xue	11/11	-	-	-	5/5	2/2	7/7
<b>Former Director</b>							
Shen Yungang	7/7	-	-	-	-	-	6/6

## Corporate Governance Report *(Continued)*

### II. THE BOARD *(CONTINUED)*

Notes:

1. On 16 January 2025, Mr. Liu Yan resigned as an executive Director. On 16 January 2025, Mr. Xiao Jiaxiang resigned as a non-executive Director. During the tenure of the aforementioned two Directors in 2025, the Company did not convene any board meetings or shareholder meetings.
2. The extraordinary general meeting held on 19 February 2025, reviewed and approved the appointment of Ms. Miao Xiaoling as an executive Director.
3. On 21 October 2025, the Company received the resignation of Mr. Shen Yungang. As China Cinda no longer holds any shares in the Company, Mr. Shen Yungang has resigned from his position as a non-executive Director, with effect from the date of his resignation.

The independent non-executive Directors and non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

There is no financial, business, family relationship(s) or any other material connection among the Directors and senior executives (including the Chairman).

### III. FUNCTIONS AND OPERATION OF THE BOARD

The Board of the Company is elected by Shareholders at the general meeting and reports to the general meeting. The Board is the highest decision-making authority during the period of adjournment of the general meeting. The Board pays close attention to significant events of the Company and receives regular reports on the progress of the projects of the Company, actively participates in continuous training, and ensures the Company's effective operation through making well-informed and scientific decisions and standardized and effective operation.

The Board makes decisions on certain significant matters in the operation of the Company, including convening general meetings, implementing their resolutions and reporting to the general meeting; determining the business plans and investment proposals of the Company; formulating the annual preliminary and final financial budgets of the Company; formulating the profit distribution plans of the Company (including final dividends distribution plans) and the proposal for making up for losses; formulating the debt and financial policies and proposals for increases or reductions of the Company's registered capital and the issuance of corporate debentures; preparing material acquisition or disposal proposals of the Company and plans for the merger, division or dissolution of the Company; determining the Company's internal management structure; determining the appointment or removal of the general manager of the Company and, the appointment or removal of the vice general manager, the chief financial officer, secretary of the Board, general counsel, and other senior management personnel as determined by the Board subject to the nomination of the general manager and determining their remuneration; formulating the basic management system including the financial management system and personnel management system; and formulating the revision plan for the Articles of Association of the Company.

The Company strictly adheres to the procedures stipulated in the Articles of Association of the Company, Rules of Procedure for Board Meetings, and the Terms of Reference for the Nomination Committee in conducting Director elections and convening board meetings. The Company ensures all Directors have comprehensive access to operational management updates, creating conditions for thorough exchange of views and prudent fulfillment of duties. This guarantees rational and compliant board decision-making, supporting the Company's steady and positive development. The Board maintains close communication with management, authorizing the latter by law to execute specific operational matters while requiring timely progress reports to the Board. This ensures efficient and proper handling of all business operations and related issues across the Group. Under the leadership of the president, the Company's management team bears overall responsibility for daily operational management. It spearheads the formulation and implementation of operational decisions, conducts regular performance reviews, and promptly proposes optimization adjustments to ensure all management initiatives align with the Company's strategic development needs.

## Corporate Governance Report (Continued)

### III. FUNCTIONS AND OPERATION OF THE BOARD (CONTINUED)

The Company has established a system of independent Directors. There are five independent non-executive Directors in the Board, which is in compliance with the minimum number of independent non-executive directors required under the Listing Rules. The Company has received confirmation of independence from each of the five independent non-executive Directors and the Company considers the five independent non-executive Directors to be independent, in full compliance with the requirements concerning independent non-executive directors under the Listing Rules, including Rule 3.13 of the Listing Rules. The five independent non-executive Directors do not hold other positions in the Company. In accordance with the Articles of Association of the Company and the requirements of relevant laws and regulations, the independent non-executive Directors evaluate and supervise the achievement of the Company's goals in terms of strategies, policies, investments, major appointments and other matters, provide the Board with independent professional suggestions, and contribute to the further structural balance and high-quality decision-making of the Board.

### IV. DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT

In compliance with the Listing Rules and the Code, and to ensure that the Directors have comprehensive and necessary expertise and skills to make contribution to the Board, the Company has arranged suitable trainings for the continuous professional development of the Directors such as providing them with information materials, special reports and specific surveys regularly.

Based on the real-time understanding of the Company's business and grasping of the macro-economic and industry information, the Company sent Monthly Report on Directors' Information, Finance Biweekly Report and Key Insights Report from the Investment Banking Summit to the Directors regularly, which covers the Company's production and results of operation, Board affairs, information disclosure, regulatory updates, production safety, reform of state-owned enterprises, technological innovation, digitalization, macro-economy and industry situations, stock price performance, investor communication and analysis on the Company's results conducted by analysts and others to support Directors and supervisors in promptly staying informed about corporate, macroeconomic, and industry developments. This year, the Company organized a study session for all Directors and supervisors on two materials: "Interpretation of the Updated HKEX Corporate Governance Code and New ESG Regulations" and "Responsibilities of Directors of Hong Kong-Listed Companies, Key Compliance Matters for Listed Companies, and Latest Regulatory Developments". These materials cover core topics including Directors' duties of care and fiduciary obligations, key Hong Kong regulatory focuses and trends, alerts on the latest regulatory developments and their implications for the Company, risk management and internal controls, updates to the Corporate Governance Code, and H-share ESG disclosure rules. This initiative aims to enhance Directors' and supervisors' compliance awareness and performance capabilities through systematic learning, ensuring they stay updated on regulatory requirements to provide robust support for corporate governance optimization and risk prevention. All Directors (including the then executive Directors who held office in 2025, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Wang Bing and Ms. Miao Xiaoling; the then non-executive Directors who held office in 2025, namely Mr. Wang Yumeng, Mr. Shen Yungang and Mr. Chen Shaolong; the current independent non-executive Directors, namely Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue) have obtained the aforementioned relevant information for the corresponding period during their tenure.

In 2025, the Parent and the Company took the opportunity of convening party committee meeting to organize the members of the party committee (including the executive Directors, namely Mr. Zhou Yuxian, Mr. Wei Rushan, Mr. Wang Bing and Ms. Miao Xiaoling; non-executive Director, namely Mr. Wang Yumeng) to thoroughly study Xi Jinping's thoughts on the rule of law and the spirit of important speeches at the meetings identified key priorities for the Company's legal affairs work, including strengthening legal risk prevention and control, continuously reinforcing compliance management, and focusing efforts on resolving major and difficult issues in foreign-related legal affairs.

## Corporate Governance Report (Continued)

### IV. DIRECTOR'S CONTINUOUS TRAINING AND DEVELOPMENT (CONTINUED)

Mr. Sun Yanjun, an independent non-executive director of the Company, participated in training sessions organized by HSBC, Morgan, and Stevenson, Wong & Co. on industry-specific developments, business trends, and strategies, in addition to the internal training on risk management and internal control held by the Company. Mr. Li Jun attended training organized by the Shanghai Stock Exchange on compliance performance by directors, supervisors, and senior management, as well as the performance of duties by independent directors. He also participated in training on the capacity building of independent directors of listed companies organized by the China Association for Public Companies. Ms. Xia Xue attended training sessions organized by the China Association for Public Companies covering how independent directors should review the financial statements of listed companies, an analysis of key data compliance points for Chinese companies listing overseas, the standardization of shareholders' meetings and the performance of directors' duties from the perspective of exercising shareholder rights, and the latest legislation and practices in listed company governance.

The above trainings are conducive to enhancing the directors' awareness of the rule of law in governing the enterprise in accordance with the law and enhancing their comprehensive ability to perform their duties in accordance with the law.

In April 2025, the Company sent its independent non-executive Directors and independent supervisors for an inspection visit to China Jushi Huai'an Zero-Carbon Smart Manufacturing Base. Participants observed firsthand the production processes and intelligent technology applications of advanced fiberglass production lines, gaining insight into the Company's achievements in cultivating new productive forces and advancing green, low-carbon, and smart manufacturing development. As the world's first "zero-carbon" smart production base in the fiberglass industry, the facility operates entirely on green electricity, implementing green energy initiatives, low-carbon production technologies, and a zero-carbon circular model. This enables the factory to achieve net-zero carbon emissions. Directors and Supervisors offered recommendations to the relevant companies regarding the gradient development of new materials and internationalization strategies, product technology level, talent reserve, environmental and low carbon initiatives, etc. The independent non-executive Directors, namely Mr. Li Jun, Ms. Xia Xue, and independent Supervisor, namely Mr. Wei Jianguo, participated in the survey.

The continuous and effective training helped enhance the Directors' understanding of their duties so that they could make appropriate and informed decisions on the Company's management based on more accurate understanding of the relevant laws and regulations and the industry's development. The training further developed knowledge and skills of the Directors, leading to more constructive and professional opinions from the Directors and therefore ensuring that their contribution to the Board remains adequate and appropriate.

The Company has implemented a mechanism for in-depth engagement by Directors and supervisors, inviting all Directors and supervisors to attend the parent company's annual and mid-year operational meetings. This facilitates a thorough understanding of the Company's and industry's development trends, enabling multi-faceted and comprehensive participation in corporate governance. Concurrently, leveraging a regular communication framework, 7 proposal consultation meetings were convened throughout the year, collectively gathering 72 pieces of feedback from non-executive Directors, independent non-executive Directors, shareholder-appointed supervisors, and independent supervisors. The Chairman convened separate luncheon meetings with the Company's independent non-executive Directors to discuss annual operational performance and future work arrangements. These sessions facilitated in-depth exchanges on critical matters including strategic planning and risk management, effectively enhancing the rationality and foresight of decision-making.

## Corporate Governance Report (*Continued*)

### V. CHAIRMAN AND THE PRESIDENT

Mr. Zhou Yuxian is the chairman, and Mr. Wei Rushan is the president of the Company. Pursuant to the Articles of Association of the Company, the main responsibilities of the chairman are chairing the general meetings, convening and presiding over Board meetings, checking the implementation of Board resolutions, signing the securities issued by the Company, and other powers authorized by the Articles of Association of the Company and the Board. The main responsibilities of the president are taking charge of production, operation and management matters, organizing the implementation of Board resolutions, organizing the implementation of annual operating plans and investment proposals of the Company, formulating plans for the establishment of the Company's internal management structure, formulating plans for the establishment of the Company's branches, devising the basic management system of the Company, formulating the basic rules and regulations of the Company, proposing the appointment or removal of the vice president and the Chief Financial Officer of the Company to the Board, appointing or removing management members apart from those that should be appointed or removed by the Board, and performing other duties and powers authorized by the Articles of Association of the Company and the Board.

### VI. TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association of the Company, the Directors, including the non-executive Directors shall be elected by the general meeting and serve a term of three years. Each of the current non-executive Directors will perform his/her duties until the end of the term of the current session of the Board. The Directors may be re-elected and re-appointed upon the expiry of their terms of office.

### VII. SPECIAL COMMITTEES OF THE BOARD

The Company has established 5 special committees under the Board, namely the Strategic Steering Committee, the Nomination Committee, the Remuneration and Performance Appraisal Committee, the Audit Committee and the Environmental, Social and Governance Committee, and each of them has a corresponding scope of responsibilities. The terms of reference for the Nomination Committee, the Remuneration and Performance Appraisal Committee and the Audit Committee are prepared and updated with reference to the Code from time to time.

#### **The Strategic Steering Committee**

##### ***Members***

According to the requirements of the Terms of Reference of the Strategic Steering Committee, the Company's Strategic Steering Committee shall comprise four Directors. On 25 October 2024, Mr. Li Xinhua resigned as a non-executive Director of the Company and a member of the Company's Strategic Steering Committee due to retirement. There are currently three remaining Directors on the Strategic Steering Committee, namely Mr. Zhou Yuxian (Chairman), Mr. Wei Rushan and Mr. Zhou Fangsheng. Mr. Zhou Yuxian and Mr. Wei Rushan are executive Directors, and Mr. Zhou Fangsheng is an independent non-executive Director. The Company will complete the re-selection of Strategic Steering Committee 's member as soon as possible in accordance with the relevant regulations. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Strategic Steering Committee of the Company.

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### The Strategic Steering Committee *(Continued)*

##### ***Duties and Summary of Work***

The Strategic Steering Committee of the Company is mainly responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organization development planning, major investment and financing plans and other material matters that may affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investment plan under the authorization of the Board; and making recommendations to the Board. As for the convening of and the attendance of meetings of the Strategic Steering Committee in 2025, please refer to the table of the attendance of the Directors during 2025 on pages 32.

Set out below is a summary of work of the Strategic Steering Committee of the Company during 2025:

The tenth meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved a resolution in relation to six proposals, which are the 2025 investment plan of the Company, the 2025 budget plan of the Company, proposals concerning the issuance of debt financing instruments by the Company and its relevant subsidiaries, proposals concerning the Company's application for credit facilities from banks and other financial institutions, proposals concerning financing guarantees by the Company and its subsidiaries at all levels, proposals concerning the annual financial derivatives business plans of the Company and its subsidiaries at all levels; the eleventh meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved two resolutions, including the operation of the Company for the year 2024 and work arrangements for the year 2025; the twelfth meeting of the fifth session of the Strategic Steering Committee of the Board considered and approved a resolution in relation to the amendment to the 2025 investment plan of the Company.

#### The Nomination Committee

##### ***Members***

The Nomination Committee of the Company comprises three Directors, of whom Mr. Zhou Yuxian is the Chairman and both Mr. Sun Yanjun and Mr. Liu Jianwen are members. Mr. Zhou Yuxian is an executive Director and Mr. Sun Yanjun and Mr. Liu Jianwen are independent non-executive Directors. The composition of the Nomination Committee is in compliance with the requirements under Rule 3.27A of the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Nomination Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which the chairman of the committee must be the chairman of the Board or an independent non-executive director.

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### The Nomination Committee *(Continued)*

##### ***Duties and Summary of Work***

The Nomination Committee of the Company is mainly responsible for formulating procedures and standards for electing the Directors of the Company, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; conducting preliminary review on the qualifications and conditions of the Directors, senior management members as well as members of the Remuneration and Performance Appraisal Committee, the Audit Committee, the Strategic Steering Committee and the Environmental, Social and Governance Committee; assisting the chairman of the Board on reporting relevant matters to the Board; reviewing the board diversity policy and the Director Nomination Policy.

The Company formulated its board diversity policy so as to improve corporate governance. The Company insists on the principle of hiring employees based on their competence, which is selecting members of the Board by objective standards, corporate business model and special needs from time to time and other factors, taking into account multiple factors such as skills, professional and industry experience, cultural and educational background, nationality, the term of service, gender and age. Pursuant to that policy, current members of the Board possess different professional backgrounds. Each of them has accumulated rich experience in areas such as building materials, business management, securities regulation, capital operation, accounting rules and corporate finance, providing the Board with diversified perspectives to make decisions, and providing the Company with professional opinions for formulating operation policies. The Nomination Committee conducts regular review of the structure, size and composition of the Board, and proposes any changes to the Board to be made in line with the Company's strategies. In reviewing and assessing the composition of the Board and nomination of Directors, the Nomination Committee is committed to diversity at all levels and considers factors of the diversity policy, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, as well as industry and regional experience. At present, the Nomination Committee considers that the Board is sufficiently diverse, which can ensure that the members of the Board have the appropriate talents, experience, and diverse perspectives and views for decision-making.

The Company will continue to maintain gender diversity on the Board. In 2025 and as of the date of this report, the Company has maintained at least one female director on the Board. The Board would like to maintain at least the current level of female membership. The Nomination Committee will actively consider increasing the proportion of female members when selecting suitable candidates for the Board and making recommendations. Through the Company's Board diversity policy and the annual review of the Board's structure by the Nomination Committee under the Board, the Company will establish a pipeline of potential director successors that can achieve gender diversity. The Company will also strive to achieve gender diversity when recruiting employees at all levels (including middle and senior levels) so as to provide suitable successors to the Board when appropriate to ensure gender diversity on the Board.

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

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### **The Nomination Committee** *(Continued)*

##### ***Duties and Summary of Work*** *(Continued)*

The Company has adopted directors nomination policy, together with the terms and regulations regarding the procedures of directors nomination in the Terms of Reference of the Nomination Committee of the Company, to ensure the Board members have necessary skills, experience and diversification requirements catering for the Company's businesses. The selection and appointment procedures for the nomination of Directors of the Nomination Committee include: the Nomination Committee studies the Company's requests for new Directors and senior management members and prepares written materials; the Committee may conduct extensive searches for qualified candidates for directors and senior management members in the Company, companies controlled or invested by the Company, the human resources market and through other channels; the Committee shall gather information of the preliminary candidates, including occupation, education, job title, detailed work experience and all part-time jobs to prepare written materials; the Committee shall seek the consent of the nominees on the nomination or otherwise such persons shall not be considered as candidates for Directors and senior management members; the Committee shall convene a meeting of the Nomination Committee to examine the qualifications of the preliminary candidates based upon the appointment criteria for Directors and senior management members; the Committee shall, prior to the election of new Directors, give its recommendations and relevant materials to the Board and undertake other follow-up work in accordance with the decisions and feedback of the Board. In selecting Directors, the Nomination Committee takes the following factors into full consideration: character and honesty, qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, independence of independent non-executive Directors in accordance with the Listing Rules, any measurable objectives adopted for diversification, any potential contributions the candidates can bring to the Board in terms of diversification, willingness and ability to devote adequate time and relevant interest to perform their duties and various other factors applicable to the Company's businesses and succession plan. The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

As for the convening of and the attendance of meetings of the Nomination Committee in 2025, please refer to the table of the attendance of the Directors during 2025 on pages 32. Set out below is a summary of work of the Nomination Committee of the Company during 2025:

The thirteenth meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the election of the Directors of the fifth session of the Board and deciding the emoluments of incoming Directors; the fourteenth meeting of the fifth session of the Nomination Committee of the Board considered and approved the resolutions in relation to the discussion on the structure of the Board and the independence of independent non-executive Directors.

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### Remuneration and Performance Appraisal Committee

##### ***Members***

The Remuneration and Performance Appraisal Committee of the Company comprises three Directors, namely Mr. Zhou Fangsheng as the Chairman and Mr. Sun Yanjun and Mr. Zhou Yuxian as members. Mr. Zhou Yuxian is an executive Director and Mr. Zhou Fangsheng and Mr. Sun Yanjun are independent non-executive Directors, which is in compliance with the requirements under the Listing Rules. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Remuneration and Performance Appraisal Committee (which are accessible on the websites of the Company and the Stock Exchange), pursuant to which the chairman of the Committee must be an independent non-executive Director.

##### ***Duties and Summary of Work***

The Remuneration and Performance Appraisal Committee of the Company is mainly responsible for recommending and reviewing the specific remuneration and the performance of the Directors and the senior management based on the remuneration and performance management policies and framework formulated by the Board. The Remuneration and Performance Appraisal Committee makes recommendations to the Board in respect of the remuneration of the Directors and the senior management members. The remuneration of the Directors shall be submitted to the general meeting of Shareholders for approval after being considered and approved by the Board. The remuneration of the senior management members shall be considered and approved by the Board. The annual remuneration of the senior management members comprises three components including basic salary, performance-based salary and special rewards. The basic salary is mainly determined by position, responsibility, competence and market rates. The performance-based salary is determined on the basis of assessment of economic responsibility. The special rewards are granted to those who have made prominent contributions to the Company or in certain material aspects. As for the convening of and the attendance of meetings of the Remuneration and Performance Appraisal Committee in 2025, please refer to the table of the attendance of the Directors during 2025 on pages 32.

Set out below is a summary of work of the Remuneration and Performance Appraisal Committee of the Company during 2025:

The seventh meeting of the fifth session of the Remuneration and Performance Appraisal Committee of the Board considered and approved the resolution on the performance appraisal and remuneration of senior management members of the Company for the year 2024. The eighth meeting of the fifth session of the Remuneration and Performance Appraisal Committee of the Board considered and approved the resolutions in relation to the adjustment to the Company's total salary budget for 2025.

The remuneration for the Directors of the fifth session of the Board and the Supervisors of the fifth session of the Supervisory Committee are subject to the standards considered and approved at the 2021 second Extraordinary General Meeting convened on 19 November 2021.

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### The Audit Committee

##### *Members*

The Audit Committee of the Company comprises three Directors, of whom Mr. Li Jun is the Chairman and both Mr. Liu Jianwen and Ms. Xia Xue are members. All the three members are independent non-executive Directors. Among them, Mr. Li Jun possesses professional qualifications and experience in accounting and related financial management. Such composition is in compliance with the requirements of the Listing Rules. The Audit Committee is responsible for supervising the Company's external auditors and their work, the Company's financial reporting process, internal control, risk management and internal control, reviewing the Company's internal audit plan and results reports, formulating and reviewing the Company's corporate governance policies and their compliance and disclosure. More details of the duties and the working system of the Audit Committee are explicitly specified in the Terms of Reference of the Audit Committee of the Board of Directors (which are accessible on the websites of the Company and the Stock Exchange). The Audit Committee has reviewed the financial report and results of the Group for the year ended 31 December 2025.

##### *Duties and Summary of Work*

The specific duties of the Audit Committee include making recommendations on the appointment of external auditors by the Board and supervising their work; supervising the Company's financial reporting procedures and reviewing the systems of financial control, compliance management, risk management and internal control of the Company; engaging with the management regarding the scope and efficiency of the risk management system, compliance management system, accountability mechanisms for non-compliant investments, and the internal control system; ensuring that the management has fulfilled its obligation to implement a robust internal control framework; conducting research on the key investigation findings and responses to the matters on risk management and internal control; reviewing the internal audit plan and the effectiveness of internal audit; reviewing the financial reporting, risk management and internal control or possible misconduct related to other aspects; reviewing the operation, financial and accounting policies and practice of the Company; formulating and reviewing the corporate governance policy and practice of the Company, reviewing the Company's compliance with the Code and its disclosures in the Corporate Governance Report; reviewing and supervising the compliance of the Company and its Directors and senior management with laws and regulations; reviewing and supervising the professional ethics, trainings and continuous professional development of the Directors and senior management, etc. As for the convening of and the attendance of meetings of the Audit Committee in 2025, please refer to the table of the attendance of the Directors during 2025 on pages 32. The recommendations of the Audit Committee have been presented to the Board for review and action.

Set out below is a summary of work of the Audit Committee during 2025:

During the Reporting Period, the Audit Committee has operated in accordance with the Code. The Audit Committee issued review opinions on the Company's 2024 annual financial report and 2025 interim financial report, etc., in performing its responsibilities of issuing interim and annual results, communications with the external auditors and reviewing the financial control system, compliance management system, risk management system, internal control system and other responsibilities set out in the Code. The Committee further urged the Company to integrate and optimize its internal control systems in accordance with the key audit work of the Company, to ensure that the risk of operation management and business development is under control. It performed the duties of corporate governance pursuant to the Terms of Reference of the Audit Committee to provide suggestions to the Board on the improvement of the Company's policies and practices as well as the continuous development of the Board and senior management. As of the date of the report, the Audit Committee has reviewed the Group's financial statements and results for the year ended 31 December 2025.

## Corporate Governance Report *(Continued)*

### VII. SPECIAL COMMITTEES OF THE BOARD *(CONTINUED)*

#### **The Audit Committee** *(Continued)*

##### ***Duties and Summary of Work*** *(Continued)*

In addition, the Board is responsible for the preparation of the financial statements for each financial year which gives a true and fair view of the financial position of the Group. The Board has urged the management to provide important information concerning the Company's operation and integrated the macroeconomic situation and the development of the industry, to make an objective and balanced evaluation and decisions on the interim and annual financial performance, and significant investment and financing plans. It also has supervised and directed the management to implement specific plans, strived to broaden the channels for the Company's development and endeavored to maximize the Shareholder's interests. The reporting responsibilities of external auditors are set out in the Auditor's Report of the annual report.

#### **Environmental, Social and Governance Committee**

##### ***Members***

The Environmental, Social and Governance Committee of the Company has been established, comprising three directors, namely Mr. Zhou Yuxian as the chairman, and Mr. Li Jun and Ms. Xia Xue as members. Among them, Mr. Zhou Yuxian is an executive Director, while Mr. Li Jun and Ms. Xia Xue are independent non-executive Directors. The duties and the working system of the committee are explicitly specified in the Terms of Reference of the Environmental, Social and Governance Committee of the Company (which are accessible on the websites of the Company and the Stock Exchange).

##### ***Duties and Summary of Work***

The Environmental, Social and Governance Committee of the Company is mainly responsible for researching and formulating the Company's overall ESG management goals, management strategies and management guidelines, and regularly evaluating the adequacy and effectiveness of the Company's ESG structure; monitoring and reviewing the Company's ESG policies and practices; evaluating and determining the Company and all its subsidiaries' ESG (including climate change) risks and opportunities; to ensure that the Company establishes appropriate and effective ESG (including climate change) risk management and internal control systems; and reviewing major ESG management matters.

As for the convening of and the attendance of meetings of the Environmental, Social and Governance Committee in 2025, please refer to the table of the attendance of the Directors during 2025 on pages 32.

Set out below is a summary of work of the Environmental, Social and Governance Committee of the Company during 2025:

The fourth meeting of the fifth session of the Environmental, Social and Governance Committee of the Board considered and approved three resolutions in relation to the ESG development trend of the Company, annual ESG Report and progress on strategic-level ESG tasks. The three proposals in relation to the status of sustainable development strategy work, progress on the 1+N strategic ledger tasks, and future prospects for ESG work were considered and approved by the Environmental, Social and Governance Committee of the Fifth Session of the Board at its fifth meeting.

## Corporate Governance Report *(Continued)*

### VIII. NOMINATION OF DIRECTORS

Pursuant to the Articles of Association of the Company and the Terms of Reference of the Nomination Committee, the election and change of Directors shall be considered by the Shareholders at the general meetings. The Company's requests for new Directors shall first be studied by the Nomination Committee. The Committee may conduct extensive searches for qualified candidates for directorship in the Company, companies controlled or invested by the Company, the human resources market and through other channels. In such process, the Nomination Committee would take the diversity policy of the Company into consideration. It will then review the candidates' specific qualifications after seeking consent from the candidates. The Committee shall make recommendations and submit relevant materials to the Board after the review. The Board will then shortlist the candidates for submission to the general meeting for consideration. Shareholders individually or jointly holding 3% or more of the Company's shares with voting rights may directly nominate candidates for election as Directors by way of a proposed resolution in writing to the general meeting, but the number of persons nominated shall comply with the Articles of Association of the Company and shall not be greater than the number of Directors proposed to be elected. Shareholders individually or jointly holding more than 1% of the Company's shares with voting rights shall have the right to nominate candidates for election as independent Directors at general meetings. Such aforesaid proposed resolution shall be delivered to the Company at least 14 days before the date of the relevant general meeting for consideration at the general meeting. The election of the new Directors shall be approved by the representatives of the Shareholders holding more than half of the total voting shares present at the general meeting.

The parent company nominated Ms. Miao Xiaoling as a candidate for executive Director of the Company. The Nomination Committee considered that Ms. Miao Xiaoling met the standards and requirements for a directorship of the Company. The nomination was considered and approved at the twentieth extraordinary meeting of the fifth session of the Board held on 24 January 2025. The resolution on the appointment of Ms. Miao Xiaoling as an executive Director was considered and approved at the First Extraordinary General Meeting of 2025 held on 19 February 2025.

### IX. MECHANISM FOR THE GUARANTEE OF THE INDEPENDENCE OF DIRECTORS

The Company has established a mechanism that is able to fully guarantee the independence of independent non-executive directors. The Company's Board, Supervisory Committee, and Shareholders who individually or jointly hold more than 1% of the Company's issued shares may propose candidates for independent directors, which shall be elected and determined by the Shareholders' meeting. Nominators are required to express their opinions on the qualification and independence of candidates to serve as directors, and at the same time, in accordance with domestic and foreign laws and regulations, regulatory requirements and the "Work System for Independent Directors" formulated by the Company, the Company determines independence through strict examination by domestic and foreign lawyers and the Company's Legal and Compliance Department. After the Nomination Committee of the Board has reviewed and confirmed that the candidate is eligible for election as an independent non-executive Director of the Company, a letter will be dispatched to the candidate for written confirmation of independence. In accordance with the requirements of the Listing Rules, the Company shall disclose information on the candidates for independent directors in announcements and circulars, and the reasons why it considers such person to be independent.

## Corporate Governance Report *(Continued)*

### **IX. MECHANISM FOR THE GUARANTEE OF THE INDEPENDENCE OF DIRECTORS** *(CONTINUED)*

During the terms of office of independent non-executive Directors, the Board Secretariat of the Company regularly delivers information on the economy, industry, Company and investor communications for the independent non-executive Directors, regularly reports on the execution of the Board of Directors' resolutions, and maintains daily communication at all times, while, where circumstances admit, the Company organizes site visits to subsidiaries for the independent non-executive Directors to satisfy the independent non-executive Directors' right to be fully informed in the independent exercise of their duties. In accordance with the requirements of the "Work System for Independent Directors", independent non-executive Directors may engage intermediaries to seek outside professional advice, and the costs of their engagement and other expenses incurred in the exercise of their powers shall be borne by the Company. In addition, each independent non-executive Director is required to notify the Company as soon as practicable of any change in circumstances that may affect his or her independence; the Company shall make annual confirmations with the independent non-executive Directors in order to ensure that they remain independent.

### **X. AUDITORS' REMUNERATION**

At the thirteenth meeting of the fifth session of the Board convened on 27 March 2025, the Directors proposed to the General Meeting the appointment of Moore CPA Limited and Da Hua Certified Public Accountants (Special General Partnership) as the overseas and domestic auditors of the Company for 2025 respectively. The Board was authorized by the Annual General Meeting convened on 25 April 2025 to deal with the appointment of overseas and domestic auditors and to determine their remunerations. RMB4.09 million and RMB3.05 million was payable by the Company to the auditors for their annual audit services and non-audit services in 2025 respectively, totaling RMB7.14 million.

During the Reporting Period, the aforesaid two auditors did not provide any significant non-audit services to the Company.

### **XI. COMPANY SECRETARY**

During the Reporting Period, Ms. Pei Hongyan was a joint company secretary of the Company. As for details of the waiver granted to the Company by the Stock Exchange from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in relation to Ms. Pei Hongyan's eligibility to act as a joint company secretary of the Company, please refer to the announcement of the Company dated 29 March 2022. The Stock Exchange has confirmed that Ms. Pei Hongyan is qualified to act as the Company Secretary of the Company pursuant to Rule 3.28 of the Listing Rules. The term of office of Ms. Pei Hongyan started from the date of obtaining such waiver (being 29 March 2022) and will be consistent with the term of the fifth session of the Board. Ms. Pei Hongyan has received relevant professional training for no less than 15 hours per year that meets the requirements of the Listing Rules during her term as the joint company secretary.

With effect from 1 August 2025, the Company's external joint company secretary changed from Ms. Lee Mei Yi of Tricolor Services Limited to Mr. Chung Ming Fai of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Lee Mei Yi ceased to act as the Company's process agent (an authorized representative for accepting the service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 19A.13(2) of the Listing Rules) (collectively the "Process Agent") with effect from the same day. Mr. Chung Ming Fai has been appointed as the Process Agent, effective from 1 August 2025. For further details, please refer to the Company's announcement dated 25 July 2025. With effect from 30 March 2026, Ms. Pei Hongyan resigned as the joint company secretary and the secretary of the Board of the Company. For further details, please refer to the Company's announcement dated 30 March 2026. Mr. Chung Ming Fai (formerly the joint company secretary of the Company) will continue to serve as the company secretary of the Company. The key contact person between the Company and Mr. Chung Ming Fai will change from Ms. Pei Hongyan to Ms. Miao Xiaoling (the executive Director and the secretary of the Board of the Company). Mr. Chung Ming Fai has received relevant professional training for no less than 15 hours per year that meets the requirements of the Listing Rules during his term as the joint company secretary.

## Corporate Governance Report *(Continued)*

### XII. SHAREHOLDERS' MEETINGS

The Shareholders, as the owners of the Company, are entitled to the rights prescribed in laws, regulations and the Articles of Association of the Company. The Shareholders exercise their rights through holding general meetings. The general meetings include annual general meeting and extraordinary general meetings. The annual general meeting shall be held once every year and within 6 months of the end of the preceding financial year. The Board will convene the extraordinary general meetings if the shareholder(s) holding in aggregate 10% or more of the Company's issued voting shares request(s) in writing. In the case of an annual general meeting, Shareholders individually or jointly holding 3% or more voting shares of the total number of shares are entitled to put forward any new proposal in writing to the Company, and the Company will include such proposal in the agenda of such meeting to the extent that it falls within the responsibilities of the general meeting. When a Shareholder or Shareholders propose(s) a new proposal to the Company, he/she (or they) can contact the Company according to the contact information stated in "XVI. INVESTOR RELATIONS" of the Corporate Governance Report of this annual report. The Board is accountable to the general meeting which is the highest authority of the Company.

In the notice of the general meetings, the Board will provide the Shareholders with information and explanation required for them to make informed decisions on the matters to be considered as well as the contact information of the person(s) in charge for Shareholders enquiry of relevant issues. During the general meetings, the Shareholders can raise questions or suggestions for the proposals in doubt, and the Directors attending the meeting are responsible for explaining, recording and, if necessary, providing further details. Shareholders may inspect copies of the minutes of the general meetings free of charge during the business hours of the Company. In the event that any Shareholder requests for copies of such minutes, the Company will deliver the copies within 7 days upon receiving payment of reasonable charges.

The First Extraordinary General Meeting of 2025 convened on 19 February 2025 considered and approved three resolutions: the appointment of Ms. Miao Xiaoling as an executive Director and the approval of her remuneration, the approval of the Company's conditional cash offer, and the approval of the exemption of the Company from making a mandatory general offer upon completion of the offer.

The 2025 first H Shareholders' class meeting held on 19 February 2025, the resolution in relation to the Company's conditional cash offer was considered and approved.

The 2025 first Domestic Shareholders' class meeting held on 19 February 2025, the resolution in relation to the Company's conditional cash offer was considered and approved.

At the 2024 Annual General Meeting held on 25 April 2025, six ordinary resolutions and a total of four special resolutions in relation to the granting of a mandate to the Board to issue new shares, making corresponding amendments to the Articles of Association of the Company which it deems appropriate, the granting of a general mandate to the Board to repurchase H shares, increasing in the number of new shares available for issue pursuant to the general mandate to repurchase H shares, as well as the issue of debt financing instruments, were considered and approved.

## Corporate Governance Report *(Continued)*

### **XII. SHAREHOLDERS' MEETINGS *(CONTINUED)***

At the 2025 second H Shareholders' class meeting held on 25 April 2025, the resolution in relation to the granting of a mandate to the Board to repurchase H Shares was considered and approved.

At the 2025 second Domestic Shareholders' class meeting held on 25 April 2025, the resolution in relation to the granting of a mandate to the Board to repurchase H Shares was considered and approved.

The 2025 second extraordinary general meeting held on 24 October 2025, three resolutions in relation to the Company's execution of a master agreement for mutual provision of products and services with its parent company and the relevant transaction limits, the Company's execution of a master agreement for mutual provision of engineering services with its parent company and the relevant transaction limits, and the Company's execution of a financial services framework agreement with China National Building Material Group Finance Co., Ltd.\* (中國建材集團財務有限公司) and the relevant transaction limits, were considered and approved.

According to the Articles of Association of the Company, the Directors may attend the general meetings of the Company and are entitled to sign on the minutes containing the resolution(s) relating to the issue(s) discussed in the meeting(s) they attended. The Company held seven Shareholders' general meetings in 2025 (including one Annual General Meeting, two extraordinary general meetings and four class meetings). The Directors of the Company in office for the year of 2025 have attended the above shareholders' meetings. Please refer to the table of the attendance of the Directors during 2025 on pages 32 for details of the attendance of Shareholders' meetings.

### **XIII. SUPERVISORS AND THE SUPERVISORY COMMITTEE**

The Supervisory Committee of the Company reports to the general meeting. According to the Articles of Association of the Company, its members comprise three Shareholder representative Supervisors and three staff representative Supervisors democratically elected at the staff general meeting and two independent Supervisors. The Supervisors have discharged their duties conscientiously in accordance with the provisions of Articles of Association of the Company, attended all the Board meetings, constantly reported to the general meeting via submitting Supervisory Committee Reports and relevant proposals. In line with the spirit of accountability to all Shareholders, the Supervisory Committee has monitored the financial affairs and information disclosures of the Company, and the performance of duties and responsibilities by the Directors, the president and other senior management personnel of the Company to ensure that they have performed their duties properly. The Supervisory Committee has participated actively in major matters of the Company such as production, operation and investment projects and has made constructive recommendations.

On 22 October 2025, Ms. Yu Yuehua resigned from the position of a staff representative supervisor of the Company due to work adjustment. The current actual number of members of the Supervisory Committee of the Company is four, and the Company will complete the re-election of Supervisors as soon as possible in accordance with the relevant regulations.

## Corporate Governance Report *(Continued)*

### XIV. COMPLIANCE MANAGEMENT, RISK MANAGEMENT AND INTERNAL CONTROL

In order to comply with relevant domestic laws and regulations as well as the requirements in the Listing Rules, and strengthen the Company's compliance supervision, risk management and internal control management, the Company has strived to establish a unified management platform for risk, internal control and compliance work, set up a working body for the construction and supervision of the internal control system and compliance management committee, formulated a series of management system suitable for the actual situation of the Company, and set the standards for identifying the related internal control deficiencies and the risk assessing standards.

The Company's compliance supervision management, risk management and internal control work mainly includes the following contents. The first one is the daily monitoring mechanism. As the first defensive line of daily risk management, each department of the Company has risk management and internal control functions and develops procedures at the forefront to identify, confirm, manage and report risks. The Company has established a business process-oriented management system covering the management personnel and each of the departments, and has further improved the efficiency and performance of various operations as a result of its efforts on standardizing the design of relevant procedures and key control areas. Each department of the Company has a part-time compliance manager responsible for identifying and reporting of compliance risks, as well as supervising the compliance of business activities within the department, thereby ensuring that the department effectively play its role as the first defensive line in compliance management. During the Reporting Period, the Company actively commenced all staff's compliance training, comprehensively promoted compliance culture establishment, continued to follow up the updates of laws and regulations, updated and revised the Company's internal control manual, and strengthened and upgraded the construction of the information office system, thus further improving the efficiency of risk and internal control management. The second one is the assessment and supervision mechanism. The legal compliance department of the Company is the second line of defense for compliance management, risk management and internal control and carried out quarterly monitoring of risk and also annual internal control assessment and comprehensive risk management assessment at the beginning of each year. Based on the above assessment results, the Company prepared three annual reports on rule of law construction, internal control and risk respectively, which summarized and sorted out the situation of the previous year, and formulated corresponding measures for the improvement of the compliance management, risk precaution and internal control of the next year. In recent years, the Legal and Compliance Department has consistently conducted compliance, risk and internal control assessments of subsidiary companies. It has established a register of issues, set clear rectification deadlines, and monitored the implementation of corrective measures, thereby effectively enhancing the subsidiaries' capabilities in compliant operations and risk prevention. The Company's disciplinary and audit departments, as the third line of defense for compliance management, risk management and internal control, participate in the supervision of risk management and control to ensure effective management of risk management and internal control.

## Corporate Governance Report *(Continued)*

### **XIV. COMPLIANCE MANAGEMENT, RISK MANAGEMENT AND INTERNAL CONTROL** *(CONTINUED)*

Each department of the Company participates in and is responsible for the daily monitoring and evaluation supervision mechanism; the working body for the construction and supervision of the internal control system and compliance management committee are the daily organizations to lead, coordinate and supervise the monitoring mechanism. The Audit Committee of the Board regularly listens to the comments from professional auditors and internal auditors, and independently carries out assessment on the operation management, business development and financial positions, and reviews the implementation of strategies to enhance the standard of the internal control, financial control and risk management.

The Board (through the Audit Committee of the Board) is responsible for continuous review of the effectiveness of the Company's risk management, internal control system, and compliance management. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. In accordance with Code Provision D.2.1 of the Code, the Directors have reviewed annually the effectiveness of risk management and the internal control system (including internal audit function) of the Company and its subsidiaries during the Reporting Period, covering matters such as financial control, operational control, compliance control, to ensure that the Company has sufficient resources, employee qualifications and training, and budgets for internal audit and financial report. The Board is not aware of any material matters that might affect the Shareholders. The Board is of the opinion that the Company has fully complied with the Code provisions regarding risk management and internal control in the Code. The internal monitoring system of the Company is adequate and has been operating effectively.

The Board has implemented procedures and internal controls for handling and releasing inside information. During the Reporting Period, the Company's internal departments would review material transactions, including the legal and compliance department and the Secretariat of the Board. After reviewing, if the proposed transactions may involve inside information, the Company would consult with the legal adviser of the Company. Thereafter, the proposed transaction concerned would be reported to Secretary of the Board. If the relevant information constituted inside information, the legal adviser, with the assistance of the Company, would draft an announcement which would be reviewed by members of the Board. After that, relevant information would be published on the Company's website and the website of the Stock Exchange in accordance with the Listing Rules.

## Corporate Governance Report *(Continued)*

### **XV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

During the Reporting Period, there are no amendments to the Articles of Association.

### **XVI. INVESTOR RELATIONS**

The Company gives high regard to the investors' rights and interests. Therefore, the Company has established the Secretariat of the Board to be responsible for the management of investor relations. By establishing and constantly improving the management system of investor relations, the Company has clarified the duties of investor relations management; formulated investors relationship management measures to enhance mutual understanding and recognition between investors and the Company on the basis of standardized and sufficient information disclosure, so as to improve corporate governance and the overall enterprise value, realize the Company's fair enterprise value and protect the legitimate rights and interests of investors; and established the multi-channel communication mechanism with investors at multiple levels and in multiple forms. During the Reporting Period, the Company maintained close communication with investors and analysts through various channels such as investment banking summits, on-site meetings, and video conferences. A total of 110 such meetings were held, attended by 320 institutions and 500 analysts and investors. Following the disclosure of its 2024 annual results and 2025 interim results, the Company held analyst briefings and results presentation sessions, and conducted roadshows in Hong Kong. During these events, a total of 35 communication sessions were organized with analysts and investors. The chairman and president, together with the management team, engaged extensively with the capital market to discuss the Company's operations and development, while also consolidating matters of investor concern and formulating implementation plans. The Company has diligently fulfilled its information disclosure obligations and a fair and transparent communication platform for the general investors was provided to improve the transparency of the Company. The Company has strived for management enhancement, strengthened the management of investor relations, and promoted the formulation and planning of management of market value, and the standard of standardized management and corporate governance has been further enhanced.

After review, the Board is of the view that the shareholders' communication policy currently adopted has provided channels for Shareholders and potential investors to effectively communicate and fully express their opinions. Moreover, the Company has adhered to the principles of, and measures required by, the abovementioned policy during the year. The Board considers that the said policy and its implementation effective.

## Corporate Governance Report *(Continued)*

### XVI. INVESTOR RELATIONS *(CONTINUED)*

#### MAJOR AWARD LIST IN 2025

No.	Date of Award	Award Title	Award Institution
1	May 2025	Listed in the S&P Global Sustainability Yearbook (China Edition)	S&P Global
2	June 2025	Awarded an A+ ESG rating and listed among 2024 Exemplary ESG Practice Case in the Building Materials Industry	China Building Materials Federation
3	July 2025	Awarded Wind ESG AAA rating	Wind ESG
4	August 2025	Awarded Hang Seng Index ESG A- rating	HKQAA
5	September 2025	Listed among 2025 Wind's Top 100 ESG Best Practices for China's Listed Companies	Wind ESG
6	October 2025	Listed among China Listed Companies ESG Pioneer100 and China Central State-owned Listed Companies ESG Pioneer1000	China Media Group's Economic and Financial Program Center
7	November 2025	Listed among 2025 Outstanding Sustainability Practices of Listed Companies	China Association for Public Companies

Shareholder(s) may put forward any inquiries in writing to the Board of the Company. Shareholder(s) should send the duly signed written requisition, notice, statement or inquiries letter (as the case may be) to the registered address of the Company or the representative office in Hong Kong, and provide their full names, contact details and identification. Shareholders' information may be disclosed as required by laws and regulations. The Company generally does not deal with verbal or anonymous inquiries.

Shareholders may send the documents as mentioned above to the following addresses:

Address: **Principal Place of Business:**  
21st Floor, Tower 2, Guohai Plaza, No. 17 Fuxing Road, Haidian District, Beijing, the PRC  
**Representative Office in Hong Kong:**  
40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, China  
Fax: 010-6813 8388  
Email: ir@cnbm.com.cn

# Directors' Report

The Board of the Company hereby presents its report together with the audited financial statements of the Group for the year ended 31 December 2025 to its Shareholders.

## PRINCIPAL BUSINESS

Particulars of the principal businesses of the Company's subsidiaries are set out in Note 7, Note 20 and Note 21 to the Group's consolidated financial statements respectively.

## RESULTS

The results of the Group during the year are set out in the "Consolidated Income Statements" in this annual report

## DIVIDENDS

The Board hereby recommends the distribution of a final dividend of RMB1,138,953,203.70 in total (tax inclusive) for the period from 1 January 2025 to 31 December 2025 (2024: RMB1,199,697,374.56 in total (tax inclusive)) for Shareholders whose names appear on the Company's register of members on Tuesday, 12 May 2026, representing RMB0.15 per share (tax inclusive) (2024: RMB0.158 per share (tax inclusive)) based on the issued shares of 7,593,021,358 shares as of Monday, 30 March 2026. The final amount of the dividend per share will be determined based on the number of shares of the Company in issue as at Tuesday, 12 May 2026.

The Company established and implemented the dividend policy in 2019: the Company should maintain sufficient cash reserves to meet the demand for funds, future growth and its equity value when recommending or declaring dividends. In addition to the declaration of dividends, the Board should also take into account the financial performance, cash flow position, business status and strategy, future operation and income, capital demand and expense plan, Shareholders' benefits, limits on the dividend declaration and any other factors the Board may consider to be relevant. According to the Articles of Association of the Company, dividends will be denominated and declared in Renminbi. Dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong dollars (except for the holders of H Shares who became Shareholders through the Shanghai-Hong Kong Stock Exchanges Connectivity Mechanism (the "Shanghai-Hong Kong Stock Connect") as well as the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (the "Shenzhen-Hong Kong Stock Connect"), whose dividend will be paid in RMB). The pre-tax dividend in Hong Kong dollars on H Share will be determined by applying the relevant exchange rate to the pre-tax dividend per share of RMB0.15 and rounding the result to the nearest HK\$0.0001. The relevant exchange rate will be the average middle exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends by the annual general meeting.

## Directors' Report (Continued)

### DIVIDENDS (CONTINUED)

The proposed final dividend is subject to approval at the annual general meeting to be held on Wednesday, 29 April 2026.

In accordance with tax law and relevant requirements under taxation regulatory institutions of the PRC, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the period from 1 January 2025 to 31 December 2025 (the "2025 Final Dividend") to holders of all non-resident enterprise Shareholders (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise Shareholders) whose names appear on the H Share register of members of the Company on Tuesday, 12 May 2026.

Pursuant to the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong stock exchanges connectivity mechanism" (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) (the "Shanghai-Hong Kong Stock Connect Tax Policy") and the "Notice on the Relevant Tax Policies for the Pilot Program of the Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets" (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No. 127) (the "Shenzhen-Hong Kong Stock Connect Tax Policy") jointly issued by the Ministry of Finance of the PRC, the State Administration of Taxation and China Securities Regulatory Commission, the dividends derived from the investment by a domestic corporate investor in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect will be included in its total income and subject to enterprise income tax according to the law. In particular, dividends received by resident enterprises in the Mainland which hold H share for at least 12 consecutive months shall be exempted from enterprise income tax according to the law. In respect of the dividends received by domestic corporate investors, H share companies listed on the Stock Exchange will not withhold relevant tax for such corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

As such, when distributing the 2025 Final Dividend to the domestic corporate investors as the holders of H Shares whose names appear on the H Share register of members of the Company on Tuesday, 12 May 2026 provided by China Securities Depository and Clearing Corporation Limited ("China Clearing"), the Company shall not withhold tax on dividend for the domestic corporate investors. The tax payable shall be reported and paid by the enterprises themselves.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Shanghai-Hong Kong Stock Connect Tax Policy, the Shenzhen-Hong Kong Stock Connect Tax Policy and other relevant laws and regulations and based on the Company's consultation with the relevant PRC tax authorities, the Company is required to withhold and pay 20% individual income tax for the Company's individual H Shareholders whose names appear on the H Share register of members of the Company (the "Individual H Shareholders").

## Directors' Report (Continued)

### DIVIDENDS (CONTINUED)

Pursuant to the Shanghai-Hong Kong Stock Connect Tax Policy and the Shenzhen-Hong Kong Stock Connect Tax Policy, for dividends received by domestic individual investors from the investment in H Shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen Hong Kong Stock Connect, the H share companies listed on the Stock Exchange shall withhold and pay individual income tax at a rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from the investment in shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the income tax payable shall follow the same requirements in respect of domestic individual investors.

As such, when distributing the 2025 Final Dividend to the domestic Individual H Shareholders (including domestic securities investment funds) whose names appear on the H Share register of members of the Company on Tuesday, 12 May 2026 provided by China Clearing, the Company shall withhold and pay individual income tax in accordance with the requirements mentioned above on behalf of the investors.

Pursuant to the Notice on Matters concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the State Administration of Taxation and the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Stock Exchange, the overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries where they reside and China and the tax arrangements between China mainland and Hong Kong (Macau). The Company will identify the country of domicile of Individual H Shareholders according to their registered address on the H Share register of members of the Company on Tuesday, 12 May 2026 (the "Registered Address"). The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the Individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the Individual H Shareholders or any disputes over the withholding mechanism or arrangements. Details of arrangements are as follows:

- for Individual H Shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the relevant shareholder shall proactively submit to the Company the information required under the "Administrative Measures on Preferential Treatment Entitled by Non-resident Taxpayers under Treaties" (Circular of State Taxation Administration No. 35 of 2019) (《非居民納稅人享受協定待遇管理辦法》國家稅務總局公告2019年第35號) (the "Measures on Tax Treaties") on or before Wednesday, 13 May 2026, requesting for enjoying the preferential treatment under the treaties and keeping the relevant information for record and further review. If the information submitted is complete, the Company will withhold and pay individual income tax pursuant to the relevant provisions in tax laws of the PRC and the tax treaties. If the relevant Individual H Shareholder does not provide the information or the information submitted is incomplete, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders.

## Directors' Report *(Continued)*

### **DIVIDENDS** *(CONTINUED)*

- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will finally withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty.
- for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H Shareholders.

If the domicile of an Individual H Shareholder is not the same as the registered address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall notify and provide relevant supporting documents to the Company on or before Wednesday, 13 May 2026. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and paying provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Measures on Tax Treaties if they do not provide the relevant supporting documents to the Company within the time period stated above.

Shareholders are recommended to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.

### **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the Shareholders who are eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 24 April 2026 to Wednesday, 29 April 2026 (both days inclusive), during such period no transfer of shares in the Company will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, holders of H Shares whose transfers have not been registered shall lodge all the share transfer documents and relevant share certificates with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 23 April 2026 for share registration.

Shareholders whose names appear on the register of members on Tuesday, 12 May 2026 will be eligible for the final dividend. The register of members of the Company will be closed from Wednesday, 6 May 2026 to Tuesday, 12 May 2026 (both days inclusive), during such period no share transfer will be registered. In order to qualify for the final dividend mentioned above, holders of H Shares whose transfers have not been registered shall deposit the instrument(s) of transfer and the relevant share certificate(s) at the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Tuesday, 5 May 2026 to facilitate the share transfer registration. The final dividend is expected to be paid on or before Tuesday, 30 June 2026 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 12 May 2026.

## Directors' Report *(Continued)*

### BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix D2 to the Listing Rules, the Company is required to include a business review in the Directors' report. According to the Schedule 5 to the Hong Kong Companies Ordinance, a business review shall cover certain aspects, the details of which are as follows and where any cross-reference is made to another section of this annual report, all such relevant cross-referenced parts form part of the Directors' report.

1. A fair review of the Group's business  
Pages 12 to 13 of this annual report.
2. A description of the principal risks and uncertainties facing the Group  
Pages 12 to 13 and 16 to 24 of this annual report.
3. Particulars of important events affecting the Group that have occurred since the end of the Reporting Period.  
Page 81 of this annual report.
4. An indication of likely development in the Group's business  
Page 24 of this annual report.
5. An analysis using financial key performance indicators  
Pages 25 to 30 of this annual report.
6. The Company's environmental policies and performance

The Company adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studying and implementing Xi Jinping's thought on ecological civilization, and fully implementing the major arrangements on ecological protection and green and low-carbon development made by the 20th National Congress of the Communist Party of China and the subsequent plenary sessions of the 20th Central Committee. The Company has firmly established and practiced the concept that "lucid waters and lush mountains are invaluable assets", implemented the "dual carbon" strategy, fully participated in the construction of a beautiful China, promoted green and low-carbon development, and collaboratively promoted pollution reduction, carbon reduction, green expansion, growth and recycling, so as to support high-quality development with a high-level ecological environment. The Company designs, implements, operates and develops manufacturing, project construction, technical service and logistics and trade simultaneously with environmental protection; and in its operation and management, it adheres to the synergy between energy conservation and carbon reduction, pollution reduction and emission control, recycling and saving, and cost reduction and efficiency improvement, to build a resource-efficient and environment-friendly enterprise.

## Directors' Report *(Continued)*

### **BUSINESS REVIEW** *(CONTINUED)*

#### 6. The Company's environmental policies and performance *(Continued)*

In 2025, the Company strictly complied with the national laws and regulations on ecological environmental protection, and strictly implemented the “Ecological Environmental Protection Responsibility System of China National Building Material Company Limited”, the “Ecological Environmental Protection Management Implementation Rules of China National Building Material Company Limited”, the “Supervision and Management Measures for Energy Conservation and Ecological Environmental Protection of China National Building Material Company Limited” and other relevant regulations. The Company formulated the “2025 Key Points for Ecological Environmental Protection and Double Carbon Work” and the “2025 Key Points for Hazardous Waste Environmental Protection Management”, and organized special improvement actions for ecological and environmental protection, special governance actions for environmental protection services by third-party contractors, and special rectification on safety and environmental protection of construction projects. The Company issued the “Warning and Education Cases of Illegal Disposal of Hazardous Waste (2025)” and the “Compilation of Hazardous Waste Management Documents (2025)”. The Company vigorously promoted the ultra-low emission transformation of cement enterprises and built green factories, green mines and zero-waste factories. The Company organized enterprises to cooperate with the fourth and fifth batches of the third round of central environmental protection inspections and urged relevant enterprises to rectify the feedback problems. A mechanism for supervising typical environmental protection problems was established, and the ecological and environmental protection management system was further improved.

In 2025, the Company adhered to the whole-process carbon management concept of carbon reduction at the source, carbon reduction in the process and carbon sequestration at the end, actively implemented the “CNBM Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality”, and formulated the “Work Plan for Accelerating the Establishment of the Dual-Control System for Carbon Emissions of China National Building Material Company Limited”. The Company gradually established a carbon management system, actively adjusted the industrial structure, product structure and energy structure, and strengthened talent team development. The Company formulated the “Measures for the Administration of Product Carbon Footprint of China National Building Material Company Limited” and the “Measures for the Administration of Energy and Carbon Emission Measuring Instruments of China National Building Material Company Limited”, and revised the “Measures for the Management of Carbon Emission Data of China National Building Material Company Limited”, guiding enterprises to develop carbon-management related systems. The Company formulated the “Work Plan for Cement Enterprises of China National Building Material to Participate in the National Carbon Emission Trading Market (2024-2025)”, providing clear guidance and work requirements for registration and account opening for carbon trading, verification reports and quota compliance of cement enterprises, ensuring that all cement enterprises under the Company completed their first compliance on time and in accordance with regulations. The Company actively promoted carbon management system certification and low-carbon product certification, with 14 enterprises passing carbon management system certification and 118 cement enterprises obtaining low-carbon product certification.

## Directors' Report *(Continued)*

### BUSINESS REVIEW *(CONTINUED)*

7. Compliance with relevant laws and regulations with a significant impact on the Company

In 2025, the Company complied with the Company Law of the People's Republic of China, Environmental Protection Law and Work Safety Law, and any other applicable laws and regulations, thereby assuring the protection of the rights and interests of all parties, such that the steady development of the Company can be achieved by operating in compliance with laws and regulations.

The Company has actively promoted legal education at the Group, issued documents in respect of the latest laws and regulations to the Company and its subsidiaries on a monthly basis, organized the staff of the Group to participate in relevant trainings in respect of domestic and offshore compliance operation, and made arrangement for the staff to attend legal trainings organized by the State-owned Assets Supervision and Administration Commission of the State of Council, thereby raising the legal awareness of all the employees in a holistic manner and in turn ensuring the strict compliance of the Group with regulations on fields such as corporate governance, internal control, safe production and environmental protection.

8. Key relationships with employees, customers, suppliers and others

The Company is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

### PROPERTY, PLANT AND EQUIPMENT

The Group owns property, plant and equipment of approximately RMB201,214.61 million. Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

### PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2025, net carrying amount of fixed assets amounting to RMB3,081.42 million, monetary capital amounting to RMB3,188.48 million and net carrying amount of intangible assets and other assets amounting to RMB6,965.30 million have been pledged, being the condition as the grant of financing by banks. As at 31 December 2025, the pledged assets of the Company amounted to RMB13,235.20 million in total.

### SUBSIDIARIES AND ASSOCIATES

Details of each of the principal subsidiaries and associates of the Company are set out in Notes 20 and 21 to the consolidated financial statements. Except the acquisitions and disposals of subsidiaries as disclosed in the section headed "Material Transactions" in this annual report, the Company had no material acquisitions and disposals of the relevant subsidiaries, associates and joint ventures during the Reporting Period.

### CAPITALIZED INTERESTS

Details of capitalized interests of the Company during the year are set out in Note 9 to the consolidated financial statements.

## Directors' Report (Continued)

### SHARE CAPITAL STRUCTURE (AS OF 31 DECEMBER 2025)

With Parent, BNBMG, CNBM Trading, China Cinda and Building Materials Academy as Promoters, the Company was converted into a joint stock limited company on 28 March 2005. The Company's H Shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code:03323) and approximately 150 million H Shares, 300 million H Shares and 240 million H Shares were placed on 9 August 2007, 5 February 2009 and 14 September 2010, respectively. The Company issued bonus shares on 13 June 2011 on the basis of ten bonus shares for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed a merger by absorption through share exchange. On 12 March 2025, the Company completed the H-share repurchase offer and cancelled the 841,749,304 H-shares repurchased by the Company. As of 31 December 2025, the Company has a total issued share capital of 7,593,021,358 Shares.

	Number of Shares	Percentage of issued share capital (%)
<b>Domestic Shares</b>	3,876,624,162	51.06
<b>H Shares</b>	3,716,397,196	48.94
Total share capital	7,593,021,358	100

### SUBSTANTIAL SHAREHOLDERS (AS OF 31 DECEMBER 2025)

Name	Class of Shares	Number of Shares held	Percentage of total share capital (%)
Parent	Domestic Shares	628,592,008	8.28
	H Shares	8,536,000	0.11
BNBMG	Domestic Shares	1,485,566,956	19.56
Triumph Group	Domestic Shares	1,270,254,437	16.73
CBMJ	Domestic Shares	227,719,530	3.00
	H Shares	168,628,000	2.22
Building Materials Academy	Domestic Shares	1,173,050	0.02
Finance Industry	Domestic Shares	263,318,181	3.47
Sinoma Investment	H Shares	6,800,000	0.09
Public Investors	H Shares	3,532,433,196	46.52
Total share capital		7,593,021,358	100

Note: Any discrepancies in the table between totals and sums of shareholding percentages are due to rounding.

## Directors' Report (Continued)

### DISCLOSURE OF INTEREST

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

So far as was known to the Directors or the Supervisors of the Company, as at 31 December 2025, the Shareholders (other than the Directors or the Supervisors of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) <sup>1</sup>	Percentage of total share capital (%) <sup>1</sup>
Parent	Domestic Shares	Long	Beneficial owner	628,592,008			
	Domestic Shares	Long	Interest of controlled corporations	<u>2,984,713,973</u>			
				3,613,305,981	2	93.21	47.59
	H Shares	Long	Beneficial owner	8,536,000			
	H Shares	Long	Interest of controlled corporations	<u>175,428,000</u>			
				183,964,000	2	4.95	2.42
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956	2	38.32	19.56
Triumph Group	Domestic Shares	Long	Beneficial owner	1,270,254,437	2	32.77	16.73
Taishan Finance	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.47
Taishan Investment	Domestic Shares	Long	Interest of controlled corporations	263,318,181	3	6.79	3.47
Finance Industry	Domestic Shares	Long	Beneficial owner	263,318,181	3	6.79	3.47
CBMJI	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	3.00
	H Shares	Long	Beneficial owner	168,628,000		4.54	2.22
BlackRock, Inc.	H Shares	Long	Interest of controlled corporations	257,481,738	4	6.93	3.39
		Short	Interest of controlled corporations	12,562,673	4	0.34	0.17

# Directors' Report *(Continued)*

## DISCLOSURE OF INTEREST *(CONTINUED)*

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

*Notes:*

1. As at 31 December 2025, the Company's total issued share capital comprised 7,593,021,358 Shares, including 3,876,624,162 Domestic Shares and 3,716,397,196 H Shares.
2. Of these 3,613,305,981 Shares, 628,592,008 Shares are directly held by the Parent, and the remaining 2,984,713,973 Shares are deemed corporate interests indirectly held through BNBMG, Triumph Group, CBMJI and China Building Materials Academy Co., Ltd. ("Building Materials Academy"). Triumph Group, CBMJI and China Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through China National Building Material Import and Export Co., Ltd. Under the SFO, the Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Shares), Triumph Group (1,270,254,437 Shares), CBMJI (227,719,530 Shares) and China Building Materials Academy (1,173,050 Shares).
3. Finance Industry is a wholly-owned subsidiary of Taishan Investment, which in turn is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 Shares directly held by Finance Industry.
4. BlackRock, Inc. was deemed to hold interests in a total of 257,481,738 H Shares (long position) and 12,562,673 H Shares (short position) in the Company by virtue of its control over the following corporations which held direct interests in the Company:
  - 4.1 BlackRock Investment Management, LLC held 2,873,477 H Shares (long position) in the Company. BlackRock Investment Management, LLC was an indirect wholly-owned subsidiary of BlackRock, Inc.
  - 4.2 BlackRock Financial Management, Inc. held 5,551,741 H Shares (long position) and 7,968,863 H Shares (short position) in the Company. BlackRock Financial Management, Inc. was an indirect wholly-owned subsidiary of BlackRock, Inc.
  - 4.3 BlackRock Institutional Trust Company, National Association held 35,717,844 H Shares (long position) and 4,593,810 H Shares (short position) in the Company. BlackRock Institutional Trust Company, National Association was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which was indirectly held as to 90% by BlackRock, Inc.
  - 4.4 BlackRock Fund Advisors held 76,014,071 H Shares (long position) in the Company. BlackRock Fund Advisors was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which was indirectly held as to 90% by BlackRock, Inc.
  - 4.5 BlackRock Japan Co., Ltd. held 14,632,650 H Shares (long position) in the Company. BlackRock Japan Co., Ltd. was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which was indirectly held as to 86% by BlackRock, Inc.
  - 4.6 BlackRock Asset Management Canada Limited held 1,454,893 H Shares (long position) in the Company. BlackRock Asset Management Canada Limited was an indirect wholly-owned subsidiary of BlackRock International Holdings, Inc., which was an indirect wholly-owned subsidiary of BlackRock, Inc.
  - 4.7 BlackRock Investment Management (Australia) Limited held 931,396 H Shares (long position) in the Company. BlackRock Investment Management (Australia) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which was indirectly held as to 86% by BlackRock, Inc.
  - 4.8 BlackRock Asset Management North Asia Limited held 15,422,162 H Shares (long position) in the Company. BlackRock Asset Management North Asia Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which was indirectly held as to 86% by BlackRock, Inc.
  - 4.9 BlackRock (Netherlands) B.V. held 1,056,516 H Shares (long position) in the Company. BlackRock (Netherlands) B.V. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
  - 4.10 BlackRock Asset Management Ireland Limited held 49,354,837 H Shares (long position) in the Company. BlackRock Asset Management Ireland Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.

## Directors' Report *(Continued)*

### DISCLOSURE OF INTEREST *(CONTINUED)*

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

Notes: *(Continued)*

- 4.11 BLACKROCK (Luxembourg) S.A. held 10,304,000 H Shares (long position) in the Company. BLACKROCK (Luxembourg) S.A. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
- 4.12 BlackRock Investment Management (UK) Limited held 7,845,953 H Shares (long position) in the Company. BlackRock Investment Management (UK) Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
- 4.13 BlackRock Fund Managers Limited held 24,817,064 H Shares (long position) in the Company. BlackRock Fund Managers Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
- 4.14 BlackRock Life Limited held 4,536,948 H Shares (long position) in the Company. BlackRock Life Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
- 4.15 BlackRock (Singapore) Limited held 6,881,255 H Shares (long position) in the Company. BlackRock (Singapore) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which was indirectly held as to 86% by BlackRock, Inc.
- 4.16 BlackRock Asset Management Schweiz AG held 52,000 H Shares (long position) in the Company. BlackRock Asset Management Schweiz AG was an indirect wholly-owned subsidiary of BlackRock Group Limited, which was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc.
- 4.17 Aperio Group, LLC held 34,931 H Shares (long position) in the Company. Aperio Group, LLC was a direct wholly-owned subsidiary of Aperio Holdings, LLC, which was directly held as to 60% by Amethyst Intermediate, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.) and as to 40% by EG Holdings Blocker, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.).

BlackRock, Inc. held 6,334,287 H Shares (long position) and 9,814,863 H Shares (short position) in the Company through cash-settled unlisted derivatives.

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 31 December 2025, as far as the Company is aware, none of the Directors nor Supervisors had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in Shares or debentures of the Company or any of its associated corporations.

## Directors' Report (Continued)

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for less than 30% of the Group's total sales amount.

During the year, the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase amount; and purchases from the Group's single largest supplier amounted to 1.44% of the Group's total purchases for the year.

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

During the year ended 31 December 2025, the Company purchased a total of 841,749,304 H Shares on the Stock Exchange through a conditional cash offer for a total consideration of HK\$3,392,249,695. All the Shares repurchased were cancelled on 12 March 2025. Details of the repurchase of Shares are as follows:

Completion date of repurchase	Number of H Shares repurchased	Price paid per H Share (HK\$)	Total consideration paid (HK\$)
12 March 2025	841,749,304	4.03	3,392,249,695

The Board believes that the buy-back of Shares through the Offer demonstrates the Company's confidence in its long-term prospects and intrinsic value, thereby sending positive signals to the market as well as the Company's stakeholders including employees and customers. The Offer will also improve the trading dynamics and refresh the Company's shareholder structure. It is expected to enhance the long-term value of the Company and its shareholders and is in the overall interests of the Company and its shareholders.

Save as disclosed in this report, during the year ended 31 December 2025, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including the sale of treasury shares) (each of "securities" and "treasury shares" having the respective meanings ascribed to them under the Listing Rules).

### TAX REDUCTION FOR HOLDERS OF LISTED SECURITIES

During the year ended 31 December 2025, holders of the Company's securities were not entitled to any tax reduction for holding such securities pursuant to their legal status in the PRC.

### MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and so far as the Directors are aware, as at the latest practicable date prior to the issue of this annual report, more than 25% of the Company's total number of issued shares were held by the public, which satisfied the requirement of the Listing Rules.

## Directors' Report *(Continued)*

### RESERVES

Movements in the reserves of the Group during the year are set out in the "Consolidated Statement of Changes in Equity" in the Independent Auditor's Report published in this annual report.

### DISTRIBUTABLE RESERVE

The distributable reserves of the Company on 31 December 2025 were RMB22,825.0 million.

### EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2025, the Group had approximately 129,594 employees.

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

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

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

As of 31 December 2025, the gender ratio for the Group's employees was approximately 78% male and approximately 22% female. The Company has implemented a fair employment policy, and the recruitment has been merit-based without any discrimination. We will continue to strive for increasing the proportion of female workers, with reference to the Shareholders' expectations and the recommended best management practice, to achieve an appropriate balance in gender diversity.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company for the year on pages 100 to 102.

## Directors' Report *(Continued)*

### DIRECTORS AND SUPERVISORS (AS AT THE DATE OF THIS REPORT)

#### Executive Directors<sup>1</sup>

Zhou Yuxian	(appointed on 19 November 2021)
Wei Rushan	(appointed on 19 December 2022)
Wang Bing	(appointed on 19 November 2021)
Miao Xiaoling	(appointed on 19 February 2025)

#### Non-executive Directors<sup>1</sup>

Wang Yumeng	(appointed on 19 November 2021)
Chen Shaolong	(appointed on 29 April 2024)

#### Independent Non-executive Directors

Sun Yanjun	(appointed on 17 October 2014)
Liu Jianwen	(appointed on 27 May 2016)
Zhou Fangsheng	(appointed on 27 May 2016)
Li Jun	(appointed on 22 May 2020)
Xia Xue	(appointed on 27 May 2016)

#### Supervisors<sup>2</sup>

Zhang Jianfeng	(appointed on 30 May 2022)
Wei Jianguo	(appointed on 30 May 2022)
Li Xuan	(appointed on 27 May 2016)
Du Guangyuan	(appointed on 19 November 2021)

#### Notes:

1. On 16 January 2025, Mr. Liu Yan and Mr. Xiao Jiayang resigned as an executive Director and a non-executive Director, respectively, due to work adjustment and retirement. On 19 February 2025, Ms. Miao Xiaoling was appointed as an executive Director upon consideration and approval at the extraordinary general meeting convened on the same day. On 21 October 2025, the Company received the resignation letter from Mr. Shen Yungang, who resigned as a non-executive Director as China Cinda no longer held any Shares in the Company.
2. Ms. Yu Yuehua resigned as a staff representative Supervisor due to work adjustment with effect from 22 October 2025.

## Directors' Report *(Continued)*

### DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As of the date of this report, each of the Directors and Supervisors has entered into a service contract with the Company for a term of a maximum of three years. There is no unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) in respect of any Director or Supervisor proposed to be re-elected, if any, at the forthcoming annual general meeting.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS, TRANSACTIONS OR ARRANGEMENTS

As of the date of this report, during the year and at any time during the period from the end of the year to the date of the report, saved as disclosed in the "CONNECTED TRANSACTIONS" of the Directors' Report and Note 48 to the financial statements, there were no contracts, transactions or arrangements of significance to which the Company or its holding company or the Company's subsidiaries or fellow subsidiaries was a party and which remained valid at year-end and was/were entered into at any time during the year, and in which any of Directors or Supervisors had a material interest, whether directly or indirectly.

### REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' and Supervisors' remuneration and the individuals who are the five highest paid individuals of the Company during the year are set out in Note 10 to the consolidated financial statements. The remuneration paid to senior management (excluding those concurrently serving as Directors) of the Company during the year is disclosed by band as follows:

Remuneration Band	No. of individuals
RMB1,500,000 – RMB2,000,000	3

### BOARD OF DIRECTORS AND SPECIAL COMMITTEES

As at the date of this report, the Board comprised 11 Directors, whose biographies are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

The Board established five special committees, namely, the Strategic Steering Committee, the Nomination Committee, the Audit Committee, the Remuneration and Performance Appraisal Committee and the Environmental, Social and Governance Committee, details of which are set out in the section headed "Corporate Governance Report" herein.

## Directors' Report (Continued)

### CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 1 August 2024, Mr. Zhou Fangsheng tendered his resignation in writing as an independent non-executive Director due to age, and his resignation will take effect upon the approval by the shareholders at a shareholders' meeting of the appointment of a new independent non-executive Director to replace him. On 16 January 2025, Mr. Liu Yan and Mr. Xiao Jiaxiang resigned as an executive Director and a non-executive Director, respectively, due to work adjustment and retirement. Ms. Miao Xiaoling was appointed as an executive Director upon consideration and approval at the extraordinary general meeting held on 19 February 2025. Ms. Miao Xiaoling has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 19 February 2025 and confirmed she understood her obligations as a Director. On 21 October 2025, the Company received the resignation letter from Mr. Shen Yungang, who resigned as a non-executive Director as China Cinda no longer held any Shares in the Company.

Ms. Yu Yuehua resigned as a staff representative Supervisor to work adjustment with effect from 22 October 2025.

Mr. Xue Zhongmin resigned as a vice president of the Company due to work adjustment with effect from 26 September 2025. Mr. Cai Guobin resigned as a vice president of the Company due to work adjustment with effect from 30 March 2026. Ms. Pei Hongyan resigned as the secretary of the Board, joint company secretary and an authorised representative under Rule 3.05 of the Listing Rules of the Company due to work adjustments with effect from 30 March 2026. Ms. Miao Xiaoling was appointed as the secretary of the Board and an authorised representative of the Company upon approval at the seventeenth meeting of the fifth session of the Board held on 30 March 2026.

For details of the above changes, please refer to the Company's announcements dated 16 January 2025, 19 February 2025, 26 September 2025, 21 October 2025, 22 October 2025 and 30 March 2026, and the circular dated 27 January 2025.

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

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

Mr. Zhou Yuxian, an executive Director and the Chairman of the Board of the Company, has served as the President of the China Cement Association since May 2025. Ms. Miao Xiaoling, an executive Director, has served as the secretary of the Board of the Company since March 2026. Mr. Sun Yanjun, an independent non-executive Director of the Company, has ceased to be a director of Yonghui Superstores Co., Ltd. since March 2025, has ceased to be a director of Jardine Matheson Limited since October 2025 and has ceased to be a non-executive director of Zhongsheng Group Holdings Limited since January 2026. Mr. Liu Jianwen, an independent non-executive Director of the Company, has ceased to be an independent director of Beijing Aosaikang Pharmaceutical Co., Ltd. since February 2025, has served as an independent director of Xi'an Unisem Semiconductor Co., Ltd. since December 2025, has served as an independent director of Iasel Electric Co., Ltd. and ceased to serve as an independent director of Shandong Hongchuang Aluminium Industry Holding Company Limited since January 2026. Ms. Du Guangyuan, a staff representative Supervisor and the general manager of the legal compliance department of the Company, has served as a supervisor of Tianshan Materials since February 2025 and ceased to serve as a supervisor of Tianshan Materials since July 2025.

### MANAGEMENT CONTRACTS

Except for the service contracts with the Directors or persons engaged in full-time employment of the Company and/or the Group, no contracts were entered into between the Company and any individuals, companies or legal corporations, for the management or administration of all or any substantial part of the Company's business.

## Directors' Report *(Continued)*

### PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance in respect of liabilities associated with potential legal proceedings which may be brought against the Directors (including, in respect of persons who were Director of the Company during the Reporting Period and during their term of office as Director of the Company), Supervisors and the senior management arising from their positions.

### CONNECTED TRANSACTIONS

The particulars of the related party transactions of the Company disclosed in accordance with the Company's accounting standards are contained in Note 46 to the Financial Statements, among which, the following related party transactions also constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules: (i) Note 46(a) includes transactions between the Group and the Parent Group (details of which are set out below in the section headed "Continuing Connected Transactions"); and (ii) Note 46(c) includes directors' and supervisors' emoluments, which are fully exempt from compliance with the connected transactions requirements under Rule 14A.76(1) or Rule 14A.95 of 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 conducted by the Group with the Parent Group as set out in this section below constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules for the year ended 31 December 2025.

The continuing connected transactions set out in this section below are subject to announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

#### *Transactions with the Parent Group*

As of the date of this report, the Parent has a direct equity interest of 8.39% and total direct and indirect equity interest of 50.01% in the Company. It is a substantial shareholder of the Company and therefore each of members of the Parent Group constitutes a connected person of the Company under the Listing Rules.

For the year ended 31 December 2025, the transactions contemplated under each of (1) Master Agreement on Purchase of Mineral; (2) Master Agreement on Mutual Provision of Products and Services; (3) Master Agreement on Purchase of Equipment; (4) Master Agreement on Mutual Provision of Engineering Services; and (5) Master Agreement on Housing Leasing, a summary of each of which is set out below, were exempt from the independent shareholders' approval requirements and were only subject to the reporting and announcement requirements under the Listing Rules. The transactions contemplated under the Financial Services Framework Agreement (a summary of which is set out below) were (i) with respect to the provision of deposit services, subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules; (ii) with respect to the loan services, fully exempt from reporting, announcement and independent shareholders' approval requirements under the Listing Rules; and (iii) with respect to the other financial services (except the deposit services), subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under the Listing Rules.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

1. Master Agreement on Purchase of Mineral

On 28 October 2022, the Company entered into a master agreement on purchase of mineral with the Parent, for a term of three years commencing from 1 January 2023 (the "Master Agreement on Purchase of Mineral"). Pursuant to the agreement, the Parent agreed to supply, or procure its subsidiaries to supply ores (limestone ore and clay ore required for the production of cement, including limestone, clastic limestone and clay) for the Company and its subsidiaries, to ensure the supply of mineral ore for the Company's production for clinker and other cement products. The Parent and its subsidiaries shall supply to the Company and its subsidiaries limestone and clay from its quarries at the following priorities of basis of pricing:

- (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and
- (b) the price based on the actual costs incurred plus a reasonable profit margin with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Group or sold by the Parent Group to independent third parties.

The details about the Master Agreement on Purchase of Mineral have been disclosed in the announcement issued by the Company on 28 October 2022. The annual cap for the year 2025 for transactions conducted under the Master Agreement on Purchase of Mineral is RMB224.304 million. The Group recorded expenses of RMB76.36 million incurred in the purchase of mineral from the Parent Group under the Master Agreement on Purchase of Mineral for the year ended 31 December 2025.

As the Master Agreement on Purchase of Mineral expired on 31 December 2025, the Company entered into a new Master Agreement on Purchase of Mineral with the Parent on 28 August 2025 for a three-year term commencing 1 January 2026. The terms (including pricing principles) are substantially the same as those of the Master Agreement on Purchase of Mineral (except for the annual cap). The annual caps under the new Master Agreement on Purchase of Mineral for the three years ending 31 December 2026, 2027, and 2028 are RMB127.554 million, RMB128.652 million, and RMB129.049 million, respectively. Details regarding the new Master Agreement on Purchase of Mineral are set out in the Company's announcement dated 28 August 2025.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

#### 2. Master Agreement on Mutual Provision of Products and Services

On 28 October 2022, to meet the operational and business needs of the Group, the Company entered into a master agreement on mutual provision of products and services with the Parent for a term of three years commencing from 1 January 2023 (the "Master Agreement on Mutual Provision of Products and Services"), pursuant to which:

- (a) the Parent agreed to provide, or procure its subsidiaries (including the connected subsidiaries of the Company) to provide, the following products and services to the Company and its subsidiaries:
- Production supplies: raw materials and commodities (including grinding aid, spare parts, refractory materials, coal, etc.); and
  - Services supplies: equipment repair, design and installation, property management services, technical services, logistic services and other services;
- (b) the Company agreed to provide, or procure its subsidiaries to provide the following production supplies and support services to the Parent Group:
- Product supplies: raw materials and commodities (including clinker, cement, lightweight building materials, etc.);
  - Services supplies: supply of water, electricity and steam, logistic services and other services.

The pricing of products and services provided pursuant to the Master Agreement on Mutual Provision of Products and Services shall be in accordance with the following priorities:

- (a) the prices prescribed by the price control authorities of the PRC;
- (b) if no prices are prescribed by the price control authorities of the PRC, the guided prices issued by the relevant PRC government authorities;
- (c) if no prices are prescribed by the price control authorities of the PRC and no guided prices are issued by the relevant PRC government authorities, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and
- (d) if none of the prices mentioned above is applicable, the prices will be determined based on the actual costs incurred in providing the same products and services plus a reasonable profit with reference to the general range of profit in the industry, and (i) on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties when the Group purchases products or services from the Parent Group; and (ii) on terms not more favourable than those provided by the Group to independent third parties or provided by independent third parties to the Parent Group when the Group purchases products or services from the Parent Group.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

#### 2. Master Agreement on Mutual Provision of Products and Services *(Continued)*

The details about the Master Agreement on Mutual Provision of Products and Services have been disclosed in the announcement issued by the Company on 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. In respect of the Master Agreement on Mutual Provision of Products and Services, the 2025 annual cap for the purchase of products and services from the Parent Group is RMB16,489.793 million, and the 2025 annual cap for the provision of products and services to the Parent Group is RMB4,379.097 million. During the year ended 31 December 2025, the Group (i) incurred expenses of RMB8,483.03 million from the purchase of products and services from the Parent Group; and (ii) recorded revenues of RMB2,322.21 million from the provision of products and services to the Parent Group under the Master Agreement on Mutual Provision of Products and Services.

As the Master Agreement on Mutual Provision of Products and Services expired on 31 December 2025, the Company entered into a new Master Agreement on Mutual Provision of Products and Services with the Parent on 28 August 2025 for a three-year term commencing on 1 January 2026. The terms (including pricing principles) are substantially the same as those of the previous Master Agreement on Mutual Provision of Products and Services (except for the annual caps). The annual caps for the transactions between the Company and the Parent under the new Master Agreement on Mutual Provision of Products and Services for the three years ending 31 December 2026, 2027 and 2028 were considered and approved at the second extraordinary general meeting of 2025 convened on 24 October 2025. Under the new Master Agreement on Mutual Provision of Products and Services, the annual caps for (i) the purchase of products and services from the Parent are RMB15,300.760 million, RMB16,232.896 million and RMB18,305.538 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the provision of products and services to the Parent are RMB2,595.044 million, RMB2,604.868 million and RMB3,000.424 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively. Details regarding the new Master Agreement on Mutual Provision of Products and Services are set out in the Company's announcement dated 28 August 2025, the circular dated 26 September 2025 and the announcement dated 24 October 2025.

#### 3. Master Agreement on Purchase of Equipment

On 28 October 2022, the Company entered into a master agreement on purchase of equipment (the "Master Agreement on Purchase of Equipment") with the Parent for a term of three years commencing from 1 January 2023, whereby the Parent agreed to supply, or procure its subsidiaries to supply, roller press machine, waste heat power generation equipment, equipment required for thin-film solar energy construction project and other auxiliary equipment, plate making line equipment for gypsum board production lines, dryers and other auxiliary equipment to the Company and its subsidiaries in order to satisfy the operational needs of the Company and its subsidiaries. The Parent and its subsidiaries shall supply to the Company and its subsidiaries equipment at the following basis of pricing:

- (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets; and

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

#### 3. Master Agreement on Purchase of Equipment *(Continued)*

- (b) the price based on the actual costs incurred plus a reasonable profit with reference to the general range of profit in the industry, and will be determined on terms not less favourable than those sold by independent third parties to the Company or sold by the Parent to independent third parties.

The details about the Master Agreement on Purchase of Equipment have been disclosed in the announcement issued by the Company on 28 October 2022. According to the Master Agreement on Purchase of Equipment, the 2025 annual cap for purchase of equipment from the Parent Group is RMB1,130.320 million. The Group incurred expenses of RMB135.27 million from the purchase of equipment from the Parent for the year ended 31 December 2025.

As the Master Agreement on Purchase of Equipment expired on 31 December 2025, and taking into account the actual operational needs of the Company, the Company entered into a new Master Agreement on Mutual Provision of Equipment with its parent company on 28 August 2025 for a three-year term commencing on 1 January 2026. The terms (including pricing principles) are substantially the same as those of the previous Master Agreement on Purchase of Equipment (except for the annual caps). Under the new Master Agreement on Mutual Provision of Equipment, the annual caps for (i) the purchase of equipment from the Parent are RMB976.998 million, RMB1,123.255 million and RMB1,249.946 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the provision of equipment to the Parent are RMB334.996 million, RMB423.511 million and RMB513.137 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively. Details regarding the new Master Agreement on Mutual Provision of Equipment are set out in the Company's announcement dated 28 August 2025.

#### 4. Master Agreement on Mutual Provision of Engineering Services

On 28 October 2022, the Company entered into a master agreement on mutual provision of engineering services (the "Master Agreement on Mutual Provision of Engineering Services") with the Parent, for a term of three years commencing from 1 January 2023, whereby in order to meet the operating needs of the Parent and its subsidiaries, the Company agreed to supply, or procure its subsidiaries to supply to the Parent Group, and the Parent has agreed to provide, or to procure its subsidiaries (including the Company's connected subsidiaries) to provide to the Company and its subsidiaries, engineering design, construction and supervisory services.

The Company and its subsidiaries shall supply to the Parent Group engineering services at the following basis of pricing:

- (a) the guided prices issued by the relevant PRC government authorities in the PRC (i.e. the price falls within the ranges permitted by applicable laws and regulations of the PRC and agreed between both parties);
- (b) if no guided prices are issued by the PRC government, the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC, and the current prices will be monitored, revised and adjusted in accordance with the changes in market prices from time to time so as to be in line with the markets;

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### **Transactions with the Parent Group *(Continued)***

4. Master Agreement on Mutual Provision of Engineering Services *(Continued)*
  - (c) if no guided prices are issued by the PRC government and there is no market price mentioned in (b) above, the price will be determined based on the actual costs incurred in providing equivalent project services plus a reasonable profit with reference to the general range of profit in the industry, and (i) on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties when the Parent Group provides project services to the Group; and (ii) on terms not more favourable than those provided by the Group to the independent third parties or provided by the independent third parties to the Parent Group when the Group provides project services to the Parent Group;
  - (d) if the contract is granted by way of tender, the price should be determined in accordance with the procedures of the regulatory authority for the tender in the place of the construction project.

The details about the Master Agreement on Mutual Provision of Engineering Services have been disclosed in the announcement issued by the Company on 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. According to the Master Agreement on Mutual Provision of Engineering Services, the 2025 annual cap for purchase of engineering services from the Parent is RMB12,133.646 million, and the 2025 annual cap for provision of engineering services to the Parent is RMB1,345.562 million. The Group (i) incurred expenses of RMB5,472.44 million from the purchase of engineering services from the Parent, and (ii) recorded revenue of RMB34.84 million from provision of engineering services to the Parent for the year ended 31 December 2025.

As the Master Agreement on Mutual Provision of Engineering Services expired on 31 December 2025, the Company entered into a new Master Agreement on Mutual Provision of Engineering Services with its parent company on 28 August 2025 for a three-year term commencing on 1 January 2026. The terms (including pricing principles) are substantially the same as those of the previous Master Agreement on Mutual Provision of Engineering Services (except for the annual caps). The annual caps for the engineering services transactions between the Company and the Parent under the new Master Agreement on Mutual Provision of Engineering Services for the three years ending 31 December 2026, 2027 and 2028 were considered and approved at the second extraordinary general meeting of 2025 convened on 24 October 2025. Under the new Master Agreement on Mutual Provision of Engineering Services, the annual caps for (i) the purchase of engineering services from the Parent are RMB5,428.537 million, RMB5,540.323 million and RMB5,472.899 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the provision of engineering services to the Parent are RMB544.490 million, RMB522.260 million and RMB542.030 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively. Details regarding the new Master Agreement on Mutual Provision of Engineering Services are set out in the Company's announcement dated 28 August 2025, the circular dated 26 September 2025 and the announcement dated 24 October 2025.

5. Master Agreement on Housing Leasing

On 28 October 2022, the Company entered into a master agreement on housing leasing (the "Master Agreement on Housing Leasing") with the Parent, for a term of three years commencing from 1 January 2023, whereby in order to meet the operating needs of the Parent and its subsidiaries, the Company agreed to supply, or procure its subsidiaries to supply housing leasing services to the Parent Group, and the Parent agreed to supply, or procure its subsidiaries (including the Company's connected subsidiaries) to supply housing leasing services to the Company and its subsidiaries.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

#### 5. Master Agreement on Housing Leasing (Continued)

The rents of the housing tenanted or leased by the Group under the Master Agreement on Housing Leasing was determined according to the following priority principle:

- (a) the market price available from or to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business in the same or nearby area, or in the PRC.
  - a.1 While leasing houses from the Parent Group, we will take into consideration the following factors: (i) prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) rent recently negotiated by the Company on arm's length basis with independent third party owners of similar properties in the vicinity; and (iii) the conditions of the properties, including but not limited to their locations and ancillary facilities.
  - a.2 While leasing houses to the Parent Group, we will take into consideration the following factors: (i) prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) rent recently negotiated by the Company on arm's length basis with independent third party tenants of similar properties in the vicinity; and (iii) the conditions of the properties, including but not limited to their locations and ancillary facilities.
- (b) if the price mentioned in (a) above is not available, the price should be based on the actual costs of house depreciation in a stipulated period of time plus a reasonable profit, and will be determined (i) on terms not less favourable than those provided by independent third parties to the Group or provided by the Parent Group to independent third parties when the Group leasing property from the Parent Group; and (ii) on terms not more favourable than those provided by the independent third parties to the Parent Group or provided by the Group to independent third parties when the Group leasing property to the Parent Group.

The details about the Master Agreement on Housing Leasing have been disclosed in the announcement issued by the Company on 28 October 2022. Pursuant to the Master Agreement on Housing Leasing, (i) the 2025 annual cap for leasing property from the Parent Group is RMB61.350 million; and (ii) the 2025 annual cap for leasing property to the Parent Group is RMB138.872 million. During the year ended 31 December 2025, the Group (i) rental of RMB41.96 million for leasing property from the Parent Group; and (ii) recorded a revenue of RMB71.64 million from leasing property to the Parent Group.

As the Master Agreement on Housing Leasing expired on 31 December 2025, the Company entered into a new Master Agreement on Housing Leasing with its parent company on 28 August 2025 for a three-year term commencing on 1 January 2026. The terms (including pricing principles) are substantially the same as those of the previous Master Agreement on Housing Leasing (except for the annual caps). Under the new Master Agreement on Housing Leasing, the annual caps for (i) the lease of properties by the Company from the Parent Group are RMB46.678 million, RMB46.683 million and RMB46.683 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the lease of properties by the Parent Group from the Company are RMB94.760 million, RMB94.326 million and RMB94.386 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively. Details regarding the new Master Agreement on Housing Leasing are set out in the Company's announcement dated 28 August 2025.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

###### 6. Financial Services Framework Agreement

To further broaden the Company's financing channels and strengthening capital management, on 28 October 2022, the Company and the Finance Company (formerly known as Sinoma Group Finance Co, Ltd (中材集團財務有限公司)), a subsidiary of the Parent, entered into a financial services framework agreement ("Financial Services Framework Agreement") with a term of three years from 1 January 2023, pursuant to which, Finance Company has agreed to provide the Group with deposit services, loan services and other financial services approved by the original China Banking and Insurance Regulatory Commission ("CBIRC") (incorporated into the National Financial Regulatory Administration, "NFRA", on 18 May 2023) CBIRC on a nonexclusive basis subject to the terms and conditions therein.

According to the Financial Services Framework Agreement, when determining the price for any financial services to be provided thereunder, the Group will obtain quotes of interest rate during the same period, and fees and terms from at least two general commercial banks in the PRC located in the same or adjacent regions during the same period. The Group will compare the quotes so obtained with the corresponding terms proposed by Finance Company and:

- (i) if the interest rate, fees and terms proposed by Finance Company are more favourable than those proposed by such PRC general commercial banks, the Group will engage Finance Company; and
- (ii) as a matter of principle, the Group will give priority to using the services of Finance Company if Finance Company and such PRC general commercial banks offer equivalent terms and conditions. The Group has discretion to engage one or more of such PRC general commercial banks as its financial service providers as it thinks fit and beneficial to the Group.

Pursuant to the Financial Services Framework Agreement, Finance Company has agreed to provide the financial services to the Group in accordance with the following principles:

- a) Deposit services: The interest rate for the Group for its deposits with Finance Company will comply with the People's Bank of China ("PBOC")'s regulations on interest rates for deposits of the same type from time to time, and will not be lower than: (i) the benchmark interest rate specified by the PBOC for deposits of the same category during the same period; (ii) the interest rate paid by Finance Company for deposits of the same type placed by members of the Parent Group with Finance Company during the same period under the same conditions; and (iii) the interest rate for deposits of the same type offered by PRC general commercial banks to the Group during the same period under the same conditions.
- b) Loan services: The interest rate for loans granted to the Group by Finance Company will comply with the PBOC's regulations on interest rates for loans of the same type from time to time, and will not be higher than: (i) the benchmark interest rate specified by the PBOC for loans of the same category during the same period; (ii) the interest rate for similar loans charged by Finance Company to members of the Parent Group during the same period under the same conditions; and (iii) the interest rate charged by PRC general commercial banks to the Group for similar loans during the same period under the same conditions. Finance Company will provide the loan services on normal commercial terms or better, and such loans will not be secured by the assets of the Group.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Continuing Connected Transactions *(Continued)*

##### *Transactions with the Parent Group (Continued)*

6. Financial Services Framework Agreement (Continued)
- c) Other financial services: The services fees charged by Finance Company for provision of other financial services to the Group will be in accordance with the standard of fees set by the PBOC or the original CBIRC (now NFRA) (if applicable) and, will not be higher than: (i) the fees charged by Finance Company to members of the Parent Group excluding the Group for providing financial services of the same type during the same period under the same conditions; and (ii) the fees charged to the Group by PRC general commercial banks for financial services of the same type during the same period under the same conditions. The settlement services provided by Finance Company to the Group will be free of charge.

As one or more of the applicable ratios (as defined in Rule 14.07 of the Listing Rules) of provision of deposit services under the Financial Services Framework Agreement exceed(s) 25%, the deposit services constitute a major transaction and a non-exempt continuing connected transaction, which is subject to the reporting, announcement and shareholders' approval requirements of Chapter 14 and Chapter 14A of the Listing Rules. The Financial Services Framework Agreement and the provision of deposit services contemplated and the cap of the deposit services thereunder were approved by Independent Shareholders at the 2022 Second Extraordinary General Meeting of the Company held on 19 December 2022. The loan services under the Financial Services Framework Agreement are fully exempt pursuant to Rule 14A.90 of the Listing Rules and the other financial services (except the deposit services) under the Financial Services Framework Agreement are only subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

The details of the Financial Services Framework Agreement have been disclosed in the Company's announcement dated 28 October 2022, the circular dated 25 November 2022 and the announcement dated 19 December 2022. Pursuant to the Financial Services Framework Agreement, in 2025, (i) the maximum daily balances (including accrued interest) for deposit services are RMB22,000 million; and (ii) the annual caps on total fees for other financial services are RMB100 million. During the year ended 31 December 2025, the actual maximum daily balance of deposit of the Group is RMB19,375.09 million, and the actual expenses incurred are RMB8.44 million.

As the Financial Services Framework Agreement expired on 31 December 2025, the Company entered into a new Financial Services Framework Agreement with the Finance Company on 28 August 2025 for a three-year term commencing on 1 January 2026. The terms are substantially the same as those of the previous Financial Services Framework Agreement (except for the annual caps). The annual caps for the deposit services under the new Financial Services Framework Agreement for the three years ending 31 December 2026, 2027 and 2028 were considered and approved at the second extraordinary general meeting of 2025 convened on 24 October 2025. Under the new Financial Services Framework Agreement, (i) the maximum daily deposit balance (including accrued interest) is RMB26,600 million, RMB29,700 million and RMB32,600 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the annual caps for total fees for other financial services are RMB39.92 million, RMB38.55 million, and RMB38.55 million for each of the three years ending 31 December 2026, 2027 and 2028, respectively. Details regarding the new Financial Services Framework Agreement are set out in the Company's announcement dated 28 August 2025, the circular dated 26 September 2025 and the announcement dated 24 October 2025.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### **Ningxia Building Materials Entered into a Fund Lending Framework Agreement with Saima IoT**

On 28 August 2025, Ningxia Building Materials Group Co., Limited (“Ningxia Building Materials”), a subsidiary of the Company, entered into a fund lending framework agreement with Saima IoT Technology (Ningxia) Co., Ltd. (“Saima IoT”), a connected subsidiary of the Company in which the Parent indirectly holds 10% equity interest. Pursuant to the agreement, Ningxia Building Materials conditionally agreed to provide loans to Saima IoT. Such transactions constitute continuing connected transactions with Saima IoT pursuant to the fund lending framework agreement.

Ningxia Building Materials will provide loans to Saima IoT based on its business development needs, to be used for replenishing the daily working capital of Saima IoT. The fund lending framework agreement is valid from 1 January 2026 to 31 December 2028. The lender will, following market-oriented principles, charge interest on the loans by reference to prevailing market rates, and the interest rate will be determined in accordance with the rate stipulated in the specific loan agreement signed at the time of each drawdown. Under the same conditions, such rate shall not be lower than the rate charged by the lender for similar loans to other member companies (other than Saima IoT) during the same period. The parties shall enter into separate definitive agreements pursuant to the terms and conditions set out in the fund lending framework agreement to specify the detailed arrangements for each loan. The Company expects that the maximum daily outstanding loan balance (including accrued interest) to be provided by Ningxia Building Materials to Saima IoT during the term of the fund lending framework agreement will be RMB300 million.

The loans to be provided by Ningxia Building Materials will be used for the development of Saima IoT’s “Find a Car” smart logistics platform and for replenishing its daily operating working capital. Details of the new Financial Services Framework Agreement are set out in the Company’s announcements dated 26 August 2025 and 22 October 2025, and the circular dated 26 September 2025.

#### ***Annual Review of Continuing Connected Transactions***

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditors of the Company to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice No. 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### **Annual Review of Continuing Connected Transactions *(Continued)***

The Company's auditors have reviewed the continuing connected transactions conducted by the Group in accordance with Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Provision of Engineering Services, Master Agreement on Housing Leasing and Financial Services Framework Agreement during the Reporting Period, and reported to the Board that:

- (1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;
- (2) nothing has come to their attention that causes them to believe that the transactions involving provision of goods or services were not conducted, in all material respects, in accordance with the pricing policy of the Group;
- (3) nothing has come to their attention that causes them to believe that the transactions were not conducted, in all material respects, in accordance with the terms of the agreement governing it; and
- (4) nothing has come to their attention that causes them to believe that the values of continuing connected transactions entered between the Group and its connected persons which were subject to annual caps have exceeded their respective annual caps.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions conducted in the Reporting Period under Master Agreement on Purchase of Mineral, Master Agreement on Mutual Provision of Products and Services, Master Agreement on Purchase of Equipment, Master Agreement on Provision of Engineering Services, Master Agreement on Housing Leasing, Financial Services Framework Agreement and the agreements in relation to the Outstanding Guarantees respectively, and have considered the procedures performed by the auditors of the Company in reviewing the continuing connected transactions and confirmed that the continuing connected transactions have been conducted:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company confirms that the signing and execution of the specific agreements under the above-mentioned continuing connected transactions for the year ended 31 December 2025 have followed the pricing principles of these continuing connected transactions

#### **Partially-exempt Connected Transactions**

The following transaction constitutes connected transactions, which were exempt from circular and Shareholders' approval requirements and were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## Directors' Report *(Continued)*

### CONNECTED TRANSACTIONS *(CONTINUED)*

#### Capital Injection into CNBM Aviation

On 25 July 2025, Sinoma Science & Technology Co., Ltd. (a non-wholly owned subsidiary of the Company), CBMJ and China National Building Material (Shanghai) Aviation Technology Co., Ltd.\* ("CNBM Aviation") (CBMJ and CNBM Aviation are subsidiaries of the Parent and therefore constitute connected persons of the Company) entered into a capital injection agreement, pursuant to which Sinoma Science & Technology and CBMJ agreed to make a capital injection into CNBM Aviation in an aggregate amount of RMB500 million, of which Sinoma Science & Technology shall contribute RMB200 million and CBMJ shall contribute RMB300 million. Upon completion of the capital injection, the registered capital of CNBM Aviation will increase from RMB1,050 million to RMB1,550 million. The respective equity interests of the Group and CBMJ in CNBM Aviation, being 40% and 60%, will remain unchanged.

Aerospace composite materials are high-end composite materials with broad market prospects. The capital injection is an important initiative of Sinoma Science & Technology to accelerate its deployment in future industries. CNBM Aviation is currently in the construction stage. The capital injection will facilitate the smooth implementation of CNBM Aviation's major projects, satisfy its funding needs for project construction, and enable the Group to benefit from the investment returns arising from the future development of CNBM Aviation's business.

Details of the capital injection into CNBM Aviation are set out in the Company's announcement dated 25 July 2025. As at the date of this report, the transaction relating to the capital injection into CNBM Aviation has been completed.

#### ***Non-exempt Connected Transactions***

The following transaction constitutes connected transaction which was subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### ***Acquisition of Hefei Institute***

Reference is made to the announcement of the Company dated 26 August 2022, the circular dated 11 October 2022, the announcements dated 19 December 2022, 10 February 2023 and 1 March 2023 in relation to the entering into of an asset purchase agreement between Sinoma International (the Company's A-share listed subsidiary) and Building Materials Academy (a wholly-owned subsidiary of the Parent), in relation to the acquisition of 100% equity interest in Hefei Institute by Sinoma International from Building Materials Academy (the "Acquisition"). Sinoma International and Building Materials Academy entered into a compensation agreement in relation to certain performance commitments and compensation to be made by Building Materials Academy to Sinoma International, whereby the actual net profits of the relevant performance commitment assets during the performance commitment period shall not be less than the committed net profits, or the actual share of revenue of the relevant performance commitment assets during the performance commitment period shall not be lower than the committed share of revenue. During the period from the completion of the Acquisition to 31 December 2025, the actual net profits and actual share of revenue of the relevant performance pledge assets are in compliance with the aforesaid profit guarantee.

## Directors' Report *(Continued)*

### NON-COMPETITION AGREEMENT

As at the date of this report, the Parent confirmed that it has complied and will comply with the Non-Competition Agreement dated 28 February 2006 entered into with the Company. Pursuant to this agreement, the Parent has agreed not to, and to procure its subsidiaries (excluding the Group) not to compete with the Group in its core businesses.

None of the Directors holds any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2025, the Group did not place any designated deposits with any financial institution in the PRC, nor did it fail to collect any time deposits upon maturity during the year.

### PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and the laws of the PRC, there are no provisions about pre-emptive rights that require the Company to offer new shares to its existing Shareholders in proportion to their shareholdings.

### AUDITORS

At the Board meeting held on 27 March 2025, the Board of Directors resolved to renew the appointment of Moore CPA Limited and Da Hua Certified Public Accountants (Special General Partnership) as the Company's international and domestic auditors for the period up to the date of the 2025 Annual General Meeting, in accordance with the authorization granted at the 2024 Annual General Meeting held on 25 April 2025. Moore CPA Limited has audited the financial statements prepared in accordance with IFRS Accounting Standards.

### DONATIONS

Donations for charitable or other purposes made by the Group during the Reporting Period amounted to RMB61,372,334.78.

## Directors' Report *(Continued)*

### ISSUE OF DEBENTURES

During the Reporting Period, the Company issued the following debentures in an aggregate principal amount of RMB20 billion to expand its financing channels, meet capital requirements, optimise its debt structure, fully utilize the financing function of the debt market and reduce its financing cost.

During the Reporting Period, the Company completed issuance of ten tranches of renewable corporate bonds for cash in an aggregate principal amount of RMB12 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of four tranches of corporate bonds for cash in an aggregate principal amount of RMB6 billion, par value of RMB100.

During the Reporting Period, the Company completed issuance of one tranche of super short-term commercial papers for cash in an aggregate principal amount of RMB2 billion, par value of RMB100.

By order of the Board  
**Zhou Yuxian**  
*Chairman of the Board*

Beijing, the PRC  
30 March 2026

# Other Significant Matters

## I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any litigation and arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors and senior management of the Group involved in any material litigation

## II. MATERIAL TRANSACTIONS

### Qilianshan Assets Restructuring

Reference is made to the announcements of the Company dated 25 April 2022, 11 May 2022, 28 December 2022, 30 December 2022, 28 February 2023, 30 October 2023, 21 December 2023, the 2022 annual report, 2023 interim report and 2023 annual report in relation to the entering into of relevant agreement of assets restructuring between Qilianshan and China Communications Construction Company Limited\* (中國交通建設股份有限公司) ("CCCC") and China Urban-Rural Holding Group Co. Limited\* (中國城鄉控股集團有限公司) ("China Urban-Rural"), in connection with Qilianshan's acquisition of 100% equity interests in CCCC Highway Consultants Co., Ltd.\* (中交公路規劃設計院有限公司), CCCC First Highway Consultants Co., Ltd.\* (中交第一公路勘察設計研究院有限公司), CCCC Second Highway Consultants Co., Ltd.\* (中交第二公路勘察設計研究院有限公司), Southwest Municipal Engineering Design and Research Institute of China\* (中國市政工程西南設計研究總院有限公司), China Northeast Municipal Engineering Design & Research Institute Co., Ltd.\* (中國市政工程東北設計研究總院有限公司) and CCCC Urban Energy Research and Design Institute Co., Ltd.\* (中交城市能源研究設計院有限公司) (the "Swapped-in Target Assets") held by CCCC and China Urban-Rural, by swapping 100% equity interests in Gansu Qilianshan Cement Group Company Limited\* (甘肅祁連山水泥集團有限公司) ("Qilianshan Cement") (the "Swapped-out Target Assets") and by Qilianshan issuing shares (the "Consideration Shares") as consideration to acquire the part of Swapped-in Target Assets held by CCCC and China Urban-Rural with the deficiency amount between the value of the Swapped-out Target Assets and the value of the Swapped-in Target Assets (the "Qilianshan Assets Restructuring"). Qilianshan entered into a profit compensation undertakings agreement with CCC and China Urban-Rural, to agree on matters such as the certain profit compensation undertakings and compensation in relation to Swapped-in Target Assets, whereby the actual net profits of the performance commitment period shall not be lower than the committed net profit. During the period from the completion of the Restructuring to 31 December 2025, the actual share of revenue of the relevant performance commitment assets is in compliance with the aforesaid profit guarantee.

### Acquisition of Carpoly by BNBM

References are made to the announcements of the Company dated 20 September 2023, 29 December 2023, 8 January 2024 and 26 March 2025 in relation to BNBM (an A-share listed subsidiary of the Company), certain shareholder shareholding platforms of Carpoly and certain employee shareholding platforms of Carpoly (together, the "Original Shareholders") entering into a share transfer agreement (the "Carpoly Share Transfer Agreement"), according to which, each of the Original Shareholders agreed to sell, and BNBM agreed to acquire, a total of 78.34% shares in Carpoly at a consideration of RMB4,073,822,613.03 in cash (the "Share Acquisition Price"). Upon completion of the acquisition, BNBM will hold 78.34% of the shares of Carpoly which will become an indirect subsidiary of the Company.

## Other Significant Matters *(Continued)*

### II. MATERIAL TRANSACTIONS *(CONTINUED)*

#### Acquisition of Carpoly by BNBM *(Continued)*

Pursuant to the Carpoly Share Transfer Agreement, the Original Shareholders have made certain performance undertakings that the realised net profit of the relevant performance commitment assets during each undertaking period between 2024 to 2026 will not be less than the committed net profit for that respective period. The committed net profit was RMB413 million (the “2024 Performance Target”) for the performance period for the 2024 financial year. Based on Carpoly’s latest audited financial statements, the realised net profit of the relevant performance commitments assets for the financial year ending 31 December 2024 was RMB335,663,063.69, which did not meet the 2024 Performance Target. Consequently, in accordance with the agreed compensation mechanism in the Carpoly Share Transfer Agreement, the shortfall of RMB77,336,936.31 will be deducted as performance compensation from the remaining Share Acquisition Price to be paid by BNBM to the Original Shareholders for the 2024 financial year. For the performance period for the 2024-2025 financial years, the committed net profit is RMB875 million in aggregate (the “2024-2025 Performance Target”). According to Carpoly’s latest audited financial statements, the realised net profit of the relevant performance commitment assets for the financial years from 1 January 2024 to 31 December 2025 was RMB741,116,803.93, representing a shortfall of RMB133,883,196.07 compared to the committed net profit after tax for the 2024-2025 period. Carpoly failed to meet its performance commitments for 2024-2025. Pursuant to the terms of the agreement, the Original Shareholders are required to make performance compensation to Carpoly. Compensation of RMB77,336,936.31 had already been made for 2024, and after calculation and mutual agreement, the compensation amount is RMB56,546,259.76. BNBM will directly deduct this compensation amount of RMB56,546,259.76 from the share transfer price of RMB407,382,261.26 agreed to be paid to the Original Shareholders. The Board is of the view that it is fair and reasonable and in the interests of the Shareholders as a whole for BNBM to exercise its right in accordance with the terms of the agreement.

The Company will closely monitor these aforesaid performance undertakings and provide relevant updates if and when appropriate, in compliance with Rule 14.36B of the Listing Rules.

# Report of the Supervisory Committee

Dear Shareholders,

During the Reporting Period, the fifth session of the Supervisory Committee of the Company (the “Supervisory Committee”) complied with relevant requirements under the Company Law and the Articles of Association of the Company, independently exercised its functions and powers according to law, established a comprehensive supervision system including meeting supervision, financial supervision, duty performance supervision, information disclosure supervision, etc, strictly performed supervision duties, effectively safeguarded the interests of the Company and all Shareholders and effectively promoted improvements in corporate governance, risk management and lawful operation. The specific situation for the year 2025 is reported as follows:

During the Reporting Period, the Supervisory Committee held a total of two meetings; the convening process and voting procedures of the meetings were in compliance with relevant laws and regulations and all current Supervisors attended on-site meetings. Four resolutions were reviewed during the meetings, including the resolutions for the 2024 Supervisory Committee Working Report and audited financial statements of the Company, the profit distribution plan and the final dividend distribution plan for 2024, 2025 Interim Working Report of the Board, reviewed financial reports and 2025 interim report publication and other documents, and matters related to the distribution of 2025 interim dividend.

Lawful operation of the Company, performance of duties by the Board and Senior Management. During the Reporting Period, the Supervisory Committee attended eleven Board’s meetings and seven Shareholders’ meetings in total, listened to reports from senior management on the implementation of board resolutions, as well as constructive feedback from shareholders on the company’s production and operation, supervised the procedures and contents of the meetings and the Board’s implementation of resolutions of Shareholders’ meeting in accordance with the regulations. The Supervisory Committee is of the opinion that, the operation and management activities of the Company comply with the relevant provisions of the Company Law, Listing Rules, the Articles of Association of the Company, and there are no violations of laws or regulations, the decision-making procedures and contents are in compliance of laws, and the internal risk management and control systems are optimal. Directors and the senior management of the Company strictly complied with the implemented national laws and regulations, the Articles of Association, resolutions passed at Shareholders’ meetings and Board’s meetings. They have also been dedicated to their duties with honesty and made prudent decisions. No Directors or senior managers of the Company have been found to have violated laws and regulations, nor have they done anything harmful to the interests of the Company, Shareholders and the legitimate rights and interests of employees.

Supervision over financial matters. During the Reporting Period, the Supervisory Committee supervised financial position and financial risk control of the Company by reviewing the financial reports, operating reports and the profit distribution plan, as well as the audit report issued by the auditors. The Supervisory Committee is of the view that the accounts and the accounting treatment of the Company have complied with the Accounting Law of the People’s Republic of China, and requirements set out in the International Financial Reporting Standards. The Supervisory Committee also confirms that the Company has carried out standard financial audits, established and improved financial system, operated proper financial strategies and put in place an effective financial risk management. Having diligently reviewed relevant information including the 2025 financial report with the unqualified opinion issued by the independent auditors as of the date of the report, the Supervisory Committee is of the view that the report follows the principle of consistency and gives a true, accurate, fair and complete view of the financial position and operating results of the Company, without false statements, misleading representations or material omission.

Information disclosure. During the Reporting Period, the Supervisory Committee reviewed the information disclosure position of the Company regularly or from time to time and placed a strong focus on connected transactions, disclosable transactions and other matters of the Company. The Supervisory Committee is of the view that the Company has established a relatively comprehensive information disclosure management system, and can accurately and completely perform its information disclosure duties in accordance with the requirements of relevant laws, regulations and regulatory provisions, and the disclosed contents are truthful, accurate, complete and effective, without false statements, misleading representations or material omission.

## Report of the Supervisory Committee *(Continued)*

In 2025, in the face of profound adjustments in the domestic and international economic environment and the requirements of the era for high-quality development, the Board firmly adhered to the strategic direction, fully exercised its core functions in strategic decision-making and risk prevention, and the Company's management united all employees to work with determination and overcome difficulties. Remarkable results were achieved in enhancing operational quality and efficiency, making breakthroughs in technological innovation, deepening and elevating reforms, optimising the industrial structure, and ensuring safety, environmental protection and compliance, leading to simultaneous improvements in the quality of development and core competitiveness, and the successful achievement of the concluding targets of the "14th Five-Year Plan". The Supervisory Committee fully recognises the effectiveness of the Company's annual work and the value creation achieved, and is confident in the Company's prospects for cultivating new quality productive forces and serving national strategies in its new development journey.

In the new year, the Supervisory Committee will strictly comply with the relevant national laws, regulations, regulatory requirements and the Articles of Association, and will adhere to the principles of diligence, responsibility, honesty and integrity in performing its duties. The Supervisory Committee will fully exercise its supervisory responsibilities, closely focus on the Company's overall strategic development and actual operational management, effectively perform its supervisory, balancing and safeguarding functions, and safeguard the legitimate rights and interests of the Company, all shareholders and employees, so as to ensure the Company's achievement of high-quality and sustainable development.

Supervisory Committee

Beijing, the PRC  
30 March 2026

# Biographical Details of Directors, Supervisors and Senior Management

## DIRECTORS

### Mr. Zhou Yuxian

Born in April 1963, is the chairman of the Board and an executive Director of the Company. Mr. Zhou has accumulated extensive experience in materials engineering, corporate reorganization and restructuring, international operation, equity investment, and fund management. Mr. Zhou has been the chairman of the Board and an executive Director of the Company since November 2021 and the chairman of the board of the Parent since November 2019. At present, Mr. Zhou concurrently serves as a joint executive vice president of the China Building Materials Federation\* (中國建築材料聯合會), president of the China Cement Association(中國水泥協會), and vice president of the China Association of Construction Enterprise Management(中國施工企業管理協會). Mr. Zhou obtained a master degree from the School of Materials Science and Engineering, Wuhan University of Technology\* (武漢理工大學材料科學與工程學院) in December 2003 and he is a professor-level senior engineer and a specialist entitled to the special government allowance approved by the State Council. Mr. Zhou was granted the honours of a National Outstanding Entrepreneur\* (全國優秀企業家) and Chinese Economic News Figures\* (中國經濟新聞人物).

### Mr. Wei Rushan

Born in December 1974, is the president and executive director of the Company. Mr. Wei has accumulated extensive experience in strategic research, investment management, capital operation, and transformation and development. Mr. Wei has been the president and an executive Director of the Company since December 2022, a deputy general manager of the Parent since March 2021. At present, Mr. Wei concurrently serves as the Chairman of the Executive Committee of the World Cement Association (WCA) and President of China Building Materials Engineering Construction Association \* (中國建材工程建設協會). Mr. Wei obtained a doctoral degree in political economy from the School of Economics of Renmin University of China\* (中國人民大學經濟學院) in June 2007. He is a senior economist. Mr. Wei was honored with the First Prize of National Enterprise Management Modernization \* (全國企業管理現代化一等獎), the First Prize of National Building Material Enterprise Management Modernization Innovation Achievement\* (全國建材企業管理現代化創新成果一等獎)

### Mr. Wang Bing

Born in February 1972, is a vice president and an executive Director of the Company. Mr. Wang has accumulated extensive experience in corporate management. He has been the chief compliance officer of the Company since August 2023, the general legal counsel of the Company since December 2021, an executive Director of the Company since November 2021, a vice president of the Company since August 2009. At present, Mr. Wang concurrently serves as a vice chairman of China Real Estate Association\* (中國房地產業協會), and the vice chairman of China Building Materials Federation\* (中國建築材料聯合會). Mr. Wang obtained a doctor's degree in management science and engineering from Wuhan University of Technology\* (武漢理工大學) in June 2012. Mr. Wang is a professor-grade senior engineer. Mr. Wang was granted the first prize of National Corporate Management Modernization and Innovation Achievements\* (國家級企業管理現代化創新成果), the first prize of State-Owned Enterprise Management and Innovation Achievement Award\* (全國國企管理創新成果一等獎), China Outstanding Quality Model\* (中國傑出質量人), Beijing Model Worker\* (北京市勞動模範) and Listed Company Outstanding Leader – Golden Steed Award\* (上市公司卓越領軍者—金駿馬獎).

### Ms. Miao Xiaoling

Born in August 1978, is a deputy secretary of the party committee of the Company, executive Director, and Secretary of the Board. Ms. Miao has accumulated extensive experience in corporate party building and human resources management. Ms. Miao has been a deputy secretary of the party committee of the Company and an executive director since January 2025 to present. Ms. Miao concurrently serves as a vice chairman of the human resources branch of China Construction Materials Enterprise Management Association. Ms. Miao obtained a doctorate degree in national economics from the School of Economics of Renmin University of China in July 2006 and is a researcher. Ms. Miao was awarded the Outstanding Party Worker of Central State-owned Enterprises for the year 2023, and the Advanced Individual of Central State-owned Enterprises in the Research of Party Building, Ideological and Political Work for the year 2015.

## Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

### DIRECTORS *(CONTINUED)*

#### Mr. Wang Yumeng

Born in September 1967, is a non-executive Director of the Company. Mr. Wang has accumulated extensive experience in corporate management and risk management. Mr. Wang has been serving as a non-executive Director of the Company since November 2021, and a deputy general manager of the Parent since August 2019. During his time served as deputy general manager of the Parent, Mr. Wang has been in charge of the strategic development department (international cooperation division) and the legal compliance department of the Parent since February 2023, the safety and environmental protection department of the Parent since February 2020, the corporate management department of the Parent from February 2020 to February 2023, and has assisted in taking charge of the audit department of the Parent from December 2019 to February 2023. At present, Mr. Wang concurrently serves as a vice chairman of China Safety Production Association\* (中國安全生產協會). Mr. Wang is a senior economist and a researcher.

#### Mr. Chen Shaolong

Born in November 1980, is a non-executive Director of the Company. Mr. Chen has accumulated extensive experience in accounting and investment risk management. Mr. Chen has been a non-executive Director of the Company since April 2024, a chairman of Shandong Taishan Information Asset Operation Co., Ltd.\* (山東省泰山數據資產運營有限公司) since December 2024, the chief accountant of Taian Taishan Finance Investment Group Co., Ltd. (泰安市泰山財金投資集團有限公司) since January 2024 and a director and president of Taian Taishan Investment Co., Ltd. (泰安市泰山投資有限公司) since November 2018. Mr. Chen obtained a bachelor's degree in management majoring in accounting from Shandong Technology and Business University in July 2003 and is a senior accountant.

#### Mr. Sun Yanjun

Born in March 1970, is an independent non-executive Director of the Company. Mr. Sun has held leadership positions at several globally leading investment firms, and has accumulated extensive experience in business operations management, private equity investment, capital markets and corporate mergers and acquisitions. Mr. Sun has been an independent non-executive Director of the Company since October 2014. From August 2022 to October 2025, he served as a group director of Jardine Mathematics Co., Ltd. (怡和管理有限公司) and as a chairman of Jardine (China) Co., Ltd. (怡和(中國)有限公司). He serves as a non-executive director of Zhongsheng Group Holdings Limited\*(中升集團控股有限公司) since August 2022 to January 2026. He also served as a non-executive director of Yonghui Superstores Co., Ltd.\*(永輝超市股份有限公司) from June 2023 to March 2025. Mr Sun also served as global partner at TPG Capital from 2011 to 2018, overseeing TPG's Greater China operations, and as managing director of Goldman Sachs Group's private equity division from 2006 to 2011. Mr. Sun received an MBA degree from the University of Michigan in May 1997.

#### Mr. Liu Jianwen

Born in May 1959, is an independent non-executive Director of the Company. Mr. Liu has accumulated extensive experience in the fields of fiscal and tax law, economic law and intellectual property law. Mr. Liu has been a distinguished professor of Liaoning University\* (遼寧大學) since May 2018, and an independent non-executive Director of the Company since May 2016 and a professor at the school of law of Peking University\* (北京大學法學院) since July 1999. At present, Mr. Liu concurrently serves as an independent director of Integrated Electronic Systems Lab Co.,Ltd.(積成電子股份有限公司), an independent director of Xi'an UnilC Semiconductors Co., Ltd.(西安紫光國芯半導體股份有限公司), and used to be the independent director of companies related to the electronic materials industry and has experience in corporate management in the building materials industry. Mr. Liu is concurrently serves as the chairman of China Association for Fiscal and Tax Law\* (中國財稅法學研究會), an expert advisory committee member of the Supreme People's Procuratorate, and a legal consultant of the Ministry of Finance of the People's Republic of China. Mr. Liu obtained a doctorate degree in law from Wuhan University\* (武漢大學) in June 1997 and completed his postdoctoral program in law from Peking University\* (北京大學) in June 1999. Mr. Liu received the first prize of Beijing Philosophy and Social Science Research Outstanding Achievement Award\* (北京市哲學社會科學研究優秀成果一等獎) and the second prize of the Outstanding Achievement Award in Philosophy and Social Science Research of National Higher Educational Institutions\* (全國高等學校哲學社會科學研究優秀成果二等獎).

## Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

### DIRECTORS *(CONTINUED)*

#### Mr. Zhou Fangsheng

Born in December 1949, is an independent non-executive Director of the Company. Mr. Zhou has accumulated extensive experience in corporate management. He has been an independent non-executive Director of the Company since May 2016. At present, Mr. Zhou concurrently serves as an independent supervisor of Sinotrans Limited\* (中外運股份有限公司). Mr. Zhou completed the postgraduate course in Enterprise Management provided by Renmin University of China\* (中國人民大學) in July 1995.

#### Mr. Li Jun

Born in October 1962, is an independent non-executive Director of the Company. Mr. Li has accumulated extensive experience in accounting. Mr. Li has been an independent non-executive Director of the Company since May 2020, the chairman of the board of directors of Beijing Huayu Fund Management Co., Ltd.\* (北京華鈺基金管理有限公司) since November 2018. At present, Mr. Li concurrently serves as an independent director of BOCI Securities Limited (中銀國際證券股份有限公司) and an independent director of China Railway Materials Company Limited\* (中國鐵路物資股份有限公司). Mr. Li possessed a doctoral degree. He is a Certified Public Accountant in the PRC and a non-practising member of the PRC Certified Public Valuer\* (中國註冊資產評估師非執業會員).

#### Ms. Xia Xue

Born in January 1968, is an independent non-executive Director of the Company. Ms. Xia has extensive research experience in the regulation of securities market, corporate governance of listed companies, legal system for securities and other fields. She has been a senior partner of Zhihe Partners\* (至合律師事務所) since January 2020, and an independent non-executive Director of the Company since May 2016. At present, Ms. Xia concurrently serves as an independent director of Shanghai Vital Microtech Co., Ltd. (上海先導基電科技股份有限公司) and an arbitrator of the Shanghai Arbitration Commission. Ms. Xia obtained her doctoral degree in law from East China University of Political Science and Law\* (華東政法大學) in July 2010.

### SUPERVISORS

#### Mr. Zhang Jianfeng

Born in August 1975, is a Supervisor representing the Shareholders of the Company. Mr. Zhang has accumulated extensive experience in corporate management. Mr. Zhang has been a Supervisor representing the Shareholders of the Company since May 2022, the secretary to the board of directors of BBMG since August 2021, a director of Tangshan Jidong Equipment Engineering Co., Ltd.\* (唐山冀東裝備工程股份有限公司) since November 2016, and the head of the board office of BBMG since March 2016. Mr. Zhang obtained his bachelor's degree in arts from Wuhan University of Technology\* (武漢工業大學) in June 1998.

#### Mr. Li Xuan

Born in March 1968, is an independent Supervisor of the Company. Mr. Li has extensive theories and practical experience in the fields of Company Law and commercial litigation and arbitration. Mr. Li has been an independent Supervisor of the Company since May 2016, and the head and associate professor of the Juris Master Education Center of Central University of Finance and Economics\* (中央財經大學法律碩士教育中心) since November 2015. At present, Mr. Li concurrently serves as an independent director of Beijing Yandong Microelectronics Company Limited\* (北京燕東微電子股份有限公司), a vice president of the Case Law Research Committee of China Law Society\* (中國法學會案例法學研究會), a director of the Lawyers Law Research Committee of China Law Society\* (中國法學會律師法學研究會), a vice chairman of the legislative committee of Beijing Committee of the China Democratic League\* (民盟北京市委法制委員會委員副主任), an ombudsman of Beijing Municipal Supervisory Authority\* (北京市檢察機關人民監督員), and a hearing Officer of the Beijing Municipal People's Procuratorate\* (北京市人民檢察院聽證員). He is also a part-time arbitrator and lawyer. He obtained a doctoral degree in litigation law from the School of Civil, Commercial and Economic Law of China University of Political Science and Law\* (中國政法大學民商經濟法學院訴訟法學博士學位) in July 2011. Mr. Li was an associate professor of Central University of Finance and Economics and the head of the Office of Legal Affairs. Mr. Li was honored as an Outstanding Young Teacher in Beijing\* (北京市優秀青年骨幹教師) and the Model of Teacher Ethics in Beijing\* (北京市師德標兵).

## Biographical Details of Directors, Supervisors and Senior Management *(Continued)*

### SUPERVISORS *(CONTINUED)*

#### Mr. Wei Jianguo

Born in January 1963, is an independent Supervisor of the Company. Mr. Wei has profound theoretical knowledge and rich practical experience in the fields of industrial economy and capital market. Mr. Wei has been independent Supervisor of the Company since May 2022, a counselor of the People's Government of Hubei Province since July 2017, a professor of economics at Wuhan University of Technology\* (武漢理工大學) since October 2001, a doctoral supervisor in industrial economics at Wuhan University of Technology since November 2003, and was a member of the Standing Committee of the Ninth CPPCC Hubei Province and a member of the Standing Committee of the 11th and 12th CPPCC Wuhan Municipal Committee. Mr. Wei obtained his doctoral degree in management from Huazhong University of Science and Technology\* (華中科技大學) in June 2003, and a visitor scholar at Georgia Institute of Technology, USA between January 2008 to January 2009. Mr. Wei has won many provincial and ministerial awards for scientific research, teaching and political participation.

#### Ms. Du Guangyuan

Born in September 1978, a staff representative Supervisor and the general manager of the legal compliance department of the Company. Ms. Du has accumulated extensive experience in legal management. Ms. Du has been serving as a director of Sinoma Advanced since February 2022, a staff representative Supervisor of the Company since November 2021, and the general manager of the legal compliance department of the Company since February 2021. At present, Ms. Du concurrently acts as vice chairman of compliance management branch of China Building Materials Enterprises Management Association\* (中國建築材料企業管理協會). Ms. Du received her master's degree in law from Peking University in June 2004. Ms. Du was awarded the second prize for National Corporate Management Modernization and Innovation Achievements\* (國家級企業管理現代化創新成果) and the Advanced Worker in Legal Affairs of Central Enterprises\* (中央企業法律事務先進工作者) by the State-owned Assets Supervision and Administration Commission of the State Council.

### SENIOR MANAGEMENT

#### Mr. Wei Rushan

See biographical details above.

#### Mr. Wang Bing

See biographical details above.

#### Mr. Liu Biao

Born in April 1966, is a vice president of the Company. Mr. Liu has accumulated extensive experience in finance management and corporate management. Mr. Liu has been a vice president of the Company since May 2018. Mr. Liu is a senior economist and an accountant with the qualification of the Chinese Institute of Certified Public Accountants\* (中國註冊會計師), and a non-practising member of the Chinese Institute of Certified Public Accountants\* (中國註冊會計師協會). Mr. Liu was awarded the second prize of Ninth National Corporate Management Modernization and Innovation Achievements (第九屆國家級企業管理現代化創新成果).

# Independent Auditor's Report



## Moore CPA Limited

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大華馬施雲會計師事務所有限公司

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## To the Shareholders of China National Building Material Company Limited

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

## OPINION

We have audited the consolidated financial statements of China National Building Material Company Limited and its subsidiaries (together the "Group") set out on pages 95 to 263, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditor's Report (Continued)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<b>Impairment assessment on property, plant and equipment, right-of-use assets and intangible assets</b>	
<p>We identified the impairment assessment on property, plant and equipment, right-of-use assets and intangible assets as a key audit matter due to the significance of the property, plant and equipment, right-of-use assets and intangible assets balances to the consolidated statement of financial position and the involvement of significant management judgements in the impairment assessment, including assessments of estimated utilisation of the assets, disposal values and discount rates applied to future cash flows.</p> <p>As at 31 December 2025, the Group has property, plant and equipment, right-of-use assets and intangible assets with aggregate carrying values of approximately RMB201,214.61 million, RMB25,541.99 million and RMB33,239.81 million, accounting for approximately 41.10%, 5.22% and 6.79% of the Group's total assets respectively. With reference to the financial performance of certain cash-generating units, the management considered that indications of impairment of certain property, plant and equipment, right-of-use assets and intangible assets of the Group existed as at 31 December 2025. Accordingly, the management has performed an impairment review on the property, plant and equipment, right-of-use assets and intangible assets with reference to a review of the business, the outlook for the industry and the Group's operating plans. During the year, impairment provision of approximately RMB3,572.05 million, RMB112.14 million and RMB391.95 million, respectively, have been recognised to reduce the carrying amounts of certain property, plant and equipment, right-of-use assets and intangible assets to their recoverable amounts, which is the higher of fair value less costs of disposal and value in use, with the assistance from independent professional valuers.</p> <p>Refer to Notes 15, 16, 18B and 19 to the consolidated financial statements for details.</p>	<p>Our procedures in relation to the impairment assessment on property, plant and equipment, right-of-use assets and intangible assets included:</p> <ul style="list-style-type: none"> <li>– obtaining an understanding of the work of the management and management's experts engaged by the Group;</li> <li>– evaluating the independent professional valuers' competence, capabilities and the objectivity of their exercises;</li> <li>– assessing the valuation methodology;</li> <li>– considering the historical financial performance and growth rates of the relevant cash-generating units;</li> <li>– challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry;</li> <li>– reconciling input data and relevant factors to supporting evidences;</li> <li>– evaluating the key factors in determining the discount rates, including the debt and equity ratios, returns on investments, territory specific factors and other risk factors of the cash-generating units, and comparing to discount rates adopted in the relevant industries for reasonableness; and</li> <li>– evaluating sensitivity analysis around the key assumptions for revenue growth rate and discount rate. We calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely.</li> </ul>

## Independent Auditor's Report *(Continued)*

### KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter	How the matter was addressed in our audit
<b>Impairment assessment on goodwill</b>	
<p>We identified the impairment assessment on goodwill as a key audit matter due to the significance of the goodwill balance to the consolidated financial statements, combined with the significant degree of judgement by the management associated with the determination of the recoverable amount of goodwill in the annual impairment test.</p> <p>As at 31 December 2025, the Group has goodwill of approximately RMB31,829.27 million, accounting for approximately 6.50% of the Group's total assets.</p> <p>The management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated, which is the higher of the value in use or fair value less costs of disposal.</p> <p>Impairment loss of approximately RMB2,881.72 million, RMB131.95 million, RMB72.52 million, RMB5.28 million and RMBnil have been recorded in respect of the goodwill allocated to the cement segment, concrete segment, engineering technology services segment, new materials segment and others segment respectively during the year.</p> <p>Refer to Notes 18A and 18B to the consolidated financial statements for details.</p>	<p>Our audit procedures in relation to management's impairment assessment on goodwill included:</p> <ul style="list-style-type: none"> <li>– obtaining an understanding of the work of the management and management's experts engaged by the Group;</li> <li>– evaluating the independent professional valuers' competence, capabilities and the objectivity of their exercises;</li> <li>– assessing the valuation methodology;</li> <li>– considering the historical financial performance and growth rates of the relevant cash-generating units;</li> <li>– challenging the reasonableness of key assumptions of both management and valuers based on our understanding of the business and industry;</li> <li>– reconciling input data and relevant factors to supporting evidences;</li> <li>– evaluating the key factors in determining the discount rates, including the debt and equity ratios, returns on investments, territory specific factors and other risk factors of the CGUs, and comparing to discount rates adopted in the relevant industries for reasonableness; and</li> <li>– evaluating sensitivity analysis around the key assumptions for revenue growth rate and discount rate. We calculated the degree to which these assumptions would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely.</li> </ul>

## Independent Auditor's Report *(Continued)*

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report *(Continued)*

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent Auditor's Report *(Continued)*

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(CONTINUED)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Moore CPA Limited**

*Certified Public Accountants*

#### **Cheung Sai Kit**

Practising Certificate Number: P05544

Hong Kong, 30 March 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	6	<b>177,847,086</b>	181,300,701
Cost of sales		<b>(144,595,202)</b>	(148,591,366)
<b>Gross profit</b>		<b>33,251,884</b>	32,709,335
Investment and other income, net	8	<b>4,818,788</b>	5,533,440
Selling and distribution costs		<b>(4,141,783)</b>	(3,918,324)
Administrative expenses		<b>(27,222,120)</b>	(20,624,622)
Finance costs, net	9	<b>(4,344,022)</b>	(4,657,818)
Share of results of associates	21	<b>853,468</b>	1,090,929
Share of results of joint ventures	22	<b>6,635</b>	(9,913)
Impairment loss under expected credit loss model, net		<b>(2,055,783)</b>	(629,675)
<b>Profit before income tax</b>	11	<b>1,167,067</b>	9,493,352
Income tax expense	12	<b>(2,087,932)</b>	(2,079,766)
<b>(Loss)/profit for the year</b>		<b>(920,865)</b>	7,413,586
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(3,745,255)</b>	2,387,299
Holders of perpetual capital instruments		<b>400,194</b>	514,421
Non-controlling interests		<b>2,424,196</b>	4,511,866
<b>(Loss)/profit for the year</b>		<b>(920,865)</b>	7,413,586
		<b>RMB</b>	<b>RMB</b>
<b>(Loss)/earnings per share</b>			
– basic and diluted	14	<b>(0.483)</b>	0.283

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>(Loss)/profit for the year</b>		<b>(920,865)</b>	7,413,586
<b>Other comprehensive income/(expense), net of tax:</b>	12(b)		
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gains/(losses) on defined benefit obligations		<b>16,006</b>	(32,268)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Change in fair value of equity instruments at fair value through other comprehensive income		<b>(990)</b>	–
Currency translation differences		<b>(8,654)</b>	(135,309)
Share of associates' other comprehensive expense		<b>(25,899)</b>	(714)
Share of joint ventures' other comprehensive income		<b>539</b>	89
Changes in fair value on hedging instruments designated as cash flow hedges		<b>1,229</b>	9,944
<b>Other comprehensive expense for the year, net of tax</b>		<b>(17,769)</b>	(158,258)
<b>Total comprehensive (expense)/income for the year</b>		<b>(938,634)</b>	7,255,328
<b>Total comprehensive (expense)/income attributable to:</b>			
Owners of the Company		<b>(3,766,818)</b>	2,267,584
Holders of perpetual capital instruments		<b>400,194</b>	514,421
Non-controlling interests		<b>2,427,990</b>	4,473,323
<b>Total comprehensive (expense)/income for the year</b>		<b>(938,634)</b>	7,255,328

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	201,214,614	204,239,365
Right-of-use assets	16	25,541,993	27,046,941
Investment properties	17	1,385,297	1,492,807
Goodwill	18A	31,829,274	34,376,630
Intangible assets	19	33,239,810	31,290,814
Interests in associates	21	33,690,425	33,115,674
Interests in joint ventures	22	530,267	223,093
Financial assets at fair value through profit or loss	23	3,692,657	3,754,092
Financial assets at fair value through other comprehensive income	24	42,906	42,969
Deposits	25	2,177,808	2,577,030
Trade and other receivables	27	2,436,008	3,205,042
Deferred income tax assets	34	9,283,654	8,603,357
		<b>345,064,713</b>	349,967,814
<b>Current assets</b>			
Inventories	26	18,053,972	16,951,294
Trade and other receivables	27	90,499,100	87,592,581
Financial assets at fair value through profit or loss	23	6,502,508	9,423,632
Derivative financial instruments	37	1,076	1,448
Amounts due from related parties	28	2,340,909	2,727,631
Pledged bank deposits	30	3,188,476	3,809,312
Cash and cash equivalents	30	23,842,002	23,533,564
		<b>144,428,043</b>	144,039,462
Assets classified as held for sale	31	49,753	–
		<b>144,477,796</b>	144,039,462
<b>Current liabilities</b>			
Trade and other payables	32(a)	93,602,946	91,379,837
Amounts due to related parties	28	5,997,446	5,814,777
Borrowings – amount due within one year	33	90,626,589	82,128,645
Lease liabilities	35	396,976	418,137
Derivative financial instruments	37	–	4,689
Employee benefits payable	36	22,454	25,817
Current income tax liabilities		1,348,034	1,380,346
Dividends payable to non-controlling interests		593,001	311,080
		<b>192,587,446</b>	181,463,328
<b>Net current liabilities</b>		<b>(48,109,650)</b>	(37,423,866)
<b>Total assets less current liabilities</b>		<b>296,955,063</b>	312,543,948

## Consolidated Statement of Financial Position *(Continued)*

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Borrowings – amount due after one year	33	102,417,559	109,781,897
Deferred income	32(b)	2,350,352	2,278,646
Lease liabilities	35	1,934,278	2,148,167
Employee benefits payable	36	321,851	329,186
Deferred income tax liabilities	34	3,516,629	3,478,167
		<b>110,540,669</b>	118,016,063
<b>Net assets</b>			
		<b>186,414,394</b>	194,527,885
<b>Capital and reserves</b>			
Share capital	39	7,593,021	8,434,771
Reserves		87,123,307	94,686,353
<b>Equity attributable to:</b>			
Owners of the Company		94,716,328	103,121,124
Holders of perpetual capital instruments	41	15,951,177	16,322,353
Non-controlling interests		75,746,889	75,084,408
<b>Total equity</b>			
		<b>186,414,394</b>	194,527,885

The consolidated financial statements on pages 95 to 263 were approved and authorised for issue by the Board of Directors on 30 March 2026 and were signed on its behalf by:

**Wei Rushan**  
Director

**Miao Xiaoling**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company											Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Share-based payments reserve	Hedging reserve	Exchange reserve	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	
	RMB'000	RMB'000	(Note 40(a)) RMB'000	(Note 40(b)) RMB'000	(Note 40(c)) RMB'000	(Note 40 (d)) RMB'000	(Note 40(e)) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2024</b>	8,434,771	1,788,736	9,688,148	15,552,992	48,063	(9,275)	(381,384)	70,203,431	105,325,482	17,838,445	70,350,160	193,514,087
Profit for the year	-	-	-	-	-	-	-	2,387,299	2,387,299	514,421	4,511,866	7,413,586
Other comprehensive (expense)/income, net of tax:												
Actuarial loss on defined benefit obligations (Note 36)	-	-	(13,834)	-	-	-	-	-	(13,834)	-	(18,434)	(32,268)
Currency translation differences	-	-	-	-	-	-	(111,126)	-	(111,126)	-	(24,183)	(135,309)
Share of associates' other comprehensive expense	-	-	(714)	-	-	-	-	-	(714)	-	-	(714)
Share of joint ventures' other comprehensive income	-	-	89	-	-	-	-	-	89	-	-	89
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	5,870	-	-	5,870	-	4,074	9,944
<b>Total comprehensive (expense)/income for the year</b>	-	-	(14,459)	-	-	5,870	(111,126)	2,387,299	2,267,584	514,421	4,473,323	7,255,328
Dividends paid (Note 13)	-	-	-	-	-	-	-	(1,931,562)	(1,931,562)	-	-	(1,931,562)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,885,290)	(2,885,290)
Issue of perpetual capital instruments, net of issuance cost (Note 41)	-	-	-	-	-	-	-	-	-	998,340	-	998,340
Redemption of perpetual capital instruments (Note 41)	-	-	(7,927)	-	-	-	-	-	(7,927)	(2,492,073)	-	(2,500,000)
Interest paid on perpetual capital instruments (Note 41)	-	-	-	-	-	-	-	-	-	(536,780)	-	(536,780)
Increase in non-controlling interests as a result of acquisitions of subsidiaries (Note 42(a))	-	-	-	-	-	-	-	-	-	-	594,186	594,186
Decrease in non-controlling interests as a result of disposal of subsidiaries (Note 42(b))	-	-	-	-	-	-	-	-	-	-	(522,280)	(522,280)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	381,906	381,906
Share of reserve in associates	-	-	37,282	-	-	-	-	-	37,282	-	-	37,282
Deemed partial disposal of interest in subsidiaries without change in control (Note 43(b))	-	-	(463,883)	-	-	-	-	-	(463,883)	-	517,073	53,190
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 43(a))	-	-	991	-	-	-	-	-	991	-	(6,444)	(5,453)
Recognition of equity-settled share-based payment of subsidiaries (Note 38)	-	-	-	-	25,056	-	-	-	25,056	-	19,471	44,527
Transfer upon lapse of share awards of a subsidiary	-	-	-	-	(890)	-	-	-	(890)	-	-	(890)
Appropriation to statutory reserve	-	-	-	1,200,537	-	-	-	(1,200,537)	-	-	-	-
Increase in non-controlling interests as a result of the effect of performance guarantee to a non-wholly owned subsidiary	-	-	(2,765,726)	-	-	-	-	-	(2,765,726)	-	2,765,726	-
Others	-	-	589,813	-	-	-	-	44,904	634,717	-	(603,423)	31,294
<b>Balance at 31 December 2024</b>	8,434,771	1,788,736	7,064,239	16,753,529	72,229	(3,405)	(492,510)	69,503,535	103,121,124	16,322,353	75,084,408	194,527,885

# Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2025

	Attributable to owners of the Company																					
	Share capital	Share premium and redemption reserve	Capital reserve (Note 40(a))	Statutory surplus reserve (Note 40(b))	Share-based payments reserve (Note 40(c))	Hedging reserve (Note 40(d))	Exchange reserve (Note 40(e))	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity										
													RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>8,434,771</b>	<b>1,788,736</b>	<b>7,064,239</b>	<b>16,753,529</b>	<b>72,229</b>	<b>(3,405)</b>	<b>(492,510)</b>	<b>69,503,535</b>	<b>103,121,124</b>	<b>16,322,353</b>	<b>75,084,408</b>	<b>194,527,885</b>										
(Loss)/profit for the year	-	-	-	-	-	-	-	(3,745,255)	(3,745,255)	400,194	2,424,196	(920,865)										
Other comprehensive (expense)/income, net of tax:																						
Actuarial gains on defined benefit obligations (Note 36)	-	-	7,403	-	-	-	-	-	7,403	-	8,603	16,006										
Change in fair value of equity instruments at FVTOCI	-	-	(990)	-	-	-	-	-	(990)	-	-	(990)										
Currency translation differences	-	-	1,158	-	-	-	(4,599)	-	(3,441)	-	(5,213)	(8,654)										
Share of associates' other comprehensive expense	-	-	(25,363)	-	-	-	-	-	(25,363)	-	(536)	(25,899)										
Share of joint ventures' other comprehensive income	-	-	325	-	-	-	-	-	325	-	214	539										
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	503	-	-	503	-	726	1,229										
<b>Total comprehensive (expense)/income for the year</b>	<b>-</b>	<b>-</b>	<b>(17,467)</b>	<b>-</b>	<b>-</b>	<b>503</b>	<b>(4,599)</b>	<b>(3,745,255)</b>	<b>(3,766,818)</b>	<b>400,194</b>	<b>2,427,990</b>	<b>(938,634)</b>										
Dividends paid (Note 13)	-	-	-	-	-	-	-	(1,199,697)	(1,199,697)	-	-	(1,199,697)										
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,603,443)	(2,603,443)										
Issue of perpetual capital instruments, net of issuance cost (Note 41)	-	-	-	-	-	-	-	-	-	11,963,992	-	11,963,992										
Redemption of perpetual capital instruments (Note 41)	-	-	(35,318)	-	-	-	-	-	(35,318)	(12,264,682)	-	(12,300,000)										
Interest paid on perpetual capital instruments (Note 41)	-	-	-	-	-	-	-	-	-	(470,680)	-	(470,680)										
Increase in non-controlling interests as a result of acquisitions of subsidiaries (Note 42(a))	-	-	-	-	-	-	-	-	-	-	801,492	801,492										
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	16,400	16,400										
Share of reserve in associates	-	-	(184,359)	-	-	-	-	-	(184,359)	-	-	(184,359)										
Share repurchased and cancelled (Note 39(d))	(841,750)	(2,370,260)	-	-	-	-	-	-	(3,212,010)	-	-	(3,212,010)										
Deemed partial disposal of interest in subsidiaries without change in control (Note 43(b))	-	-	(15,234)	-	-	-	-	-	(15,234)	-	15,234	-										
Decrease in non-controlling interests as result of acquisition of additional interest in subsidiaries without change in control (Note 43(a))	-	-	(41,632)	-	-	-	-	-	(41,632)	-	(193,335)	(234,967)										
Recognition of non-controlling interests arising from share award granted by a subsidiary (Note 38)	-	-	(76,771)	-	-	-	-	-	(76,771)	-	76,771	-										
Recognition of equity-settled share-based payment of subsidiaries (Note 38)	-	-	-	-	749	-	-	-	749	-	8,532	9,281										
Release of restricted shares of a subsidiary	-	-	52,865	-	(52,865)	-	-	-	-	-	-	-										
Decrease in non-controlling interests upon lapse of share award of a subsidiary	-	-	(26,996)	-	-	-	-	-	(26,996)	-	(66,661)	(93,657)										
Distribution to non-controlling interests upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(935)	(935)										
Appropriation to statutory reserve	-	-	-	923,897	-	-	-	(923,897)	-	-	-	-										
Release of reserve upon disposal of partial interest of an associate	-	-	(84,104)	-	-	-	-	84,104	-	-	-	-										
Others	-	-	153,290	-	-	-	-	-	153,290	-	180,436	333,726										
<b>Balance at 31 December 2025</b>	<b>7,593,021</b>	<b>(581,524)</b>	<b>6,788,513</b>	<b>17,677,426</b>	<b>20,113</b>	<b>(2,902)</b>	<b>(497,109)</b>	<b>63,718,790</b>	<b>94,716,328</b>	<b>15,951,177</b>	<b>75,746,889</b>	<b>186,414,394</b>										

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Profit before income tax		1,167,067	9,493,352
Adjustments for:			
Gain on disposal of subsidiaries, net	8	(16,425)	(251,073)
Gain on disposal of partial interest of an associate	8	(109,136)	–
Loss on deemed disposal of interests in associates	8	–	122,479
Gain on disposal of other investments	8	(95,356)	(54,578)
Increase in fair value of financial assets at fair value through profit or loss, net	8	(266,338)	(137,144)
Decrease in fair value of derivative financial instruments, net	8	33	22,073
Gain on disposal of property, plant and equipment	8	(126,288)	(277,130)
Gain on disposal of investment properties	8	(76,357)	(511,033)
Gain on disposal of intangible assets	8	(101,019)	(242,607)
Gain on disposal of right-of-use assets	8	(77,306)	(176,845)
Waiver of payables	8	(185,210)	(324,297)
Interest expenses	9	4,921,269	5,236,794
Interest income	9	(577,247)	(578,976)
Depreciation of property, plant and equipment	11	12,294,916	11,659,807
Depreciation of investment properties	11	35,480	59,712
Depreciation of right-of-use assets	11	1,932,305	1,981,904
Amortisation of intangible assets	11	1,953,936	2,371,461
Impairment loss on property, plant and equipment	11	3,572,050	82,951
Impairment loss on right-of-use assets	11	112,135	–
Impairment loss on intangible assets	11	391,946	–
Impairment loss on goodwill	11	3,091,472	73,654
Loss on written-off of non-current assets	11	44,822	56,942
Loss on goodwill from deregistration of subsidiaries	11	88,367	17,356
Impairment loss on interests in an associate	11	8,353	–
Write down of inventories	11	153,186	112,736
Net foreign exchange (gain)/loss	11	(1,647)	265,133
Share of results of associates	21	(853,468)	(1,090,929)
Share of results of joint ventures	22	(6,635)	9,913
Impairment loss under expected credit loss model, net		2,055,783	629,675
Deferred income released to the consolidated statement of profit or loss		(361,756)	(298,242)
Defined benefit cost recognised in profit or loss	36	12,298	15,404
Share-based payment expenses	11	9,281	44,527
<b>Operating cash flows before working capital changes</b>		<b>28,990,511</b>	<b>28,313,019</b>
(Increase)/decrease in inventories		(943,831)	4,357,388
Increase in trade and other receivables		(3,747,248)	(3,067,548)
Decrease in amounts due from related parties		800,078	127,280
Decrease in trade and other payables		(701,822)	(4,732,006)
Increase/(decrease) in amounts due to related parties		12,693	(226,717)
Decrease in defined benefit obligations		(25,219)	(25,000)
Increase in deferred income		432,097	342,727
<b>Cash generated from operations</b>		<b>24,817,259</b>	<b>25,089,143</b>
Income tax paid		(2,876,269)	(2,472,213)
Interest received		577,247	578,976
<b>Net cash generated from operating activities</b>		<b>22,518,237</b>	<b>23,195,906</b>

## Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Investing activities</b>			
Purchase of financial assets at fair value through profit or loss		(21,253,432)	(25,141,023)
Purchase of financial assets at fair value through other comprehensive income		(927)	(24,000)
Proceeds on disposal of financial assets at fair value through profit or loss		24,301,931	25,689,885
Dividends received from financial assets at fair value through profit or loss		175,943	116,711
Purchase of property, plant and equipment		(11,744,254)	(17,223,109)
Payment for right-of-use assets		(281,486)	(958,924)
Purchase of intangible assets		(2,330,560)	(3,618,367)
Purchase of investment properties		(47,061)	(500)
Proceeds from disposal of property, plant and equipment		1,378,346	475,676
Proceeds from disposal of right-of-use assets		695,154	300,538
Proceeds from disposal of investment properties		209,429	705,965
Proceeds from disposal of intangible assets		152,207	297,366
Acquisition of interests in associates		(1,355,279)	(80,524)
Capital injection in interests in joint venture		(300,000)	–
Dividends received from associates		1,263,414	710,755
Proceeds from disposal of associates		281,041	3,717
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	42(a)	(1,183,938)	(3,506,720)
Net cash inflow from disposal of subsidiaries	42(b)	40,202	518,963
Repayment from related parties		–	403,207
Decrease in pledged bank deposits		620,836	1,028,570
Other cash inflow for investing activities		9,567	25,090
<b>Net cash used in investing activities</b>		<b>(9,368,867)</b>	<b>(20,276,724)</b>

## Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Financing activities</b>			
Proceeds from issue of perpetual capital instruments, net of issuance cost		11,963,992	998,340
Redemption of perpetual capital instruments		(12,300,000)	(2,500,000)
Interest paid		(5,228,375)	(5,457,177)
Interest paid on perpetual capital instruments		(470,680)	(536,780)
Payments on repurchase of shares		(3,212,010)	–
Dividends paid to shareholders		(1,199,697)	(1,931,562)
Dividends paid to non-controlling interests of subsidiaries		(2,321,522)	(3,054,806)
Proceeds from awarded shares issued by a subsidiary		217,718	–
Payment for awarded shares buyback by a subsidiary		(93,657)	–
Payment for acquisition of additional interests in subsidiaries	43(a)	(234,967)	(5,453)
Deemed partial disposal of interest in subsidiaries without losing control	43(b)	–	53,190
Contributions from non-controlling interests		16,400	381,906
Distribution to non-controlling interests upon deregistration of subsidiaries		(935)	–
New borrowings raised		116,903,266	104,300,263
Repayment of borrowings		(116,000,605)	(97,604,800)
Repayment of lease liabilities		(656,536)	(491,376)
Advances to related parties, net		(205,095)	(721,375)
<b>Net cash used in financing activities</b>		<b>(12,822,703)</b>	<b>(6,569,630)</b>
Net increase/(decrease) in cash and cash equivalents		326,667	(3,650,448)
Effect of foreign exchange rate changes		(18,229)	(246,488)
Cash and cash equivalents at beginning of the year		23,533,564	27,430,500
<b>Cash and cash equivalents at end of the year</b>		<b>23,842,002</b>	<b>23,533,564</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

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

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

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

The Company is an investment holding company. Particulars of the Company’s principal subsidiaries are set out in Note 20. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“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 consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to an IFRS Accounting Standard in the current year had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(CONTINUED)*

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

Except for the new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

#### **IFRS 18 “Presentation and Disclosure in Financial Statements”**

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

IFRS 18 and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 Basis of preparation of the consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period and the assets classified as held for sale that are measured at the lower of carrying amount and fair value less cost to sell, as explained in material accounting policy information set out below.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.2 Basis of consolidation *(Continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

##### 3.2.1 Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial instruments" ("IFRS 9"), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.3 Business combinations or asset acquisitions**

##### **3.3.1 Asset acquisitions**

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

##### **3.3.2 Business combination**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed, with limited exceptions, are recognised at their fair value

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.3 Business combinations or asset acquisitions *(Continued)*

##### 3.3.2 Business combination *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date (i. e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.3.3 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

#### 3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. If the Group has lost significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group accounts for any retained interest in the associates/joint ventures in accordance with IFRS 9. If the Group has retained significant influence/joint control over the associates/joint ventures after the disposal takes place, the Group continues to account for the remaining interest using equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.5 Investments in associates and joint ventures *(Continued)***

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### **Changes in the Group's interests in associates and joint ventures**

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

#### **Acquisition of additional interests in associates or joint ventures**

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.6 Non-current assets held for sale**

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

#### **3.7 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

#### **3.8 Revenue from contracts with customers**

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.8 Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

#### **Contracts with multiple performance obligations (including allocation of transaction price)**

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.8 Revenue from contracts with customers *(Continued)*

##### **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation**

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

##### **Principal versus agent**

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further details of the Group's revenue recognition policies are disclosed in Note 6.

#### 3.9 Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **The Group as a lessee**

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of offices, plant and machinery and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.9 Leases *(Continued)*

##### The Group as a lessee *(Continued)*

###### *Right-of-use assets*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

###### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

###### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates/the PRC loan prime rate; and a credit risk adjustment based on bond yields/the PRC loan prime rate.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.9 Leases *(Continued)*

##### The Group as a lessee *(Continued)*

##### *Lease liabilities (Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- the lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modification”)

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.9 Leases *(Continued)*

##### The Group as a lessor

###### *Classification and measurement of leases*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

###### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

###### *Refundable rental deposits*

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

###### *Sublease*

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.9 Leases** *(Continued)*

##### **The Group as a lessor** *(Continued)*

###### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments (see accounting policy below).

#### **3.10 Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.10 Foreign currencies *(Continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

#### 3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.12 Government grants

Government grants, which take many forms including VAT refunds, are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.12 Government grants** *(Continued)*

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “investment and other income, net”.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### **3.13 Retirement benefits costs, termination benefits and short-term employee benefits**

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group’s defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.13 Retirement benefits costs, termination benefits and short-term employee benefits *(Continued)*

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i. e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest on the net defined benefit liability or asset; and
- remeasurement of the net defined benefit liability or asset in the other comprehensive income.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.14 Share-based payments

##### Equity-settled share-based payments transactions

###### *Share awards granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of shares expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

#### 3.15 Taxation

Income tax expense represents the sum of current and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.15 Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax assets related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.15 Taxation *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### 3.16 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than property, plant and equipment under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.16 Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

#### 3.17 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

#### 3.18 Intangible assets

##### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.18 Intangible assets** *(Continued)*

##### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **3.19 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.19 Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 3.20 Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 30. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the consolidated statement of financial position.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION** *(CONTINUED)*

#### **3.21 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

#### **3.22 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3.23 Contingent liabilities**

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

#### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

##### (ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Investment and other income, net" line item in profit or loss.

##### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Investment and other income, net" line item.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

###### *Impairment of financial assets subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, bills receivable, other receivables, contract assets, amounts due from related parties, pledged bank deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

*Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)*

##### (i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

*Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)*

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

*Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)*

##### (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and contract assets are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial assets *(Continued)*

###### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Investment and other income, net” line item (note 8) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “Investment and other income, net” line item as part of the gain/(loss) from changes in fair value of financial assets (note 8).

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### Financial liabilities and equity instruments

###### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

###### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

###### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Financial liabilities at FVTPL (Continued)*

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

###### *Financial liabilities at amortised cost*

Financial liabilities, including trade and other payables, amount due to related parties, borrowings, and dividend payable to non-controlling interests are subsequently measured at amortised cost, using the effective interest method.

###### *Financial guarantee contract*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Financial guarantee contract (Continued)*

Financial guarantee contracts issued by the Group are measured initially at their fair values and if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

###### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Investment and other income, net" line item in profit or loss (note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

###### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss. Unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

###### *Hedge accounting*

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

###### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Assessment of hedging relationship and effectiveness (Continued)*

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

###### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "investment and other income, net" line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.24 Financial instruments *(Continued)*

##### Financial liabilities and equity instruments *(Continued)*

###### *Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions are ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

#### 3.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

#### 3.26 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

#### 3.26 Related parties *(Continued)*

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

#### 4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

##### Control over principal subsidiaries

*Beijing New Building Material Public Limited Company ("BNBM")*

BNBM is a subsidiary of the Group although the Group has only 37.54% (2024: 37.83%) equity interests and voting rights in BNBM. BNBM is listed on the Shenzhen Stock Exchange, PRC. The remaining 62.46% (2024: 62.17%) equity interests of BNBM are owned by thousands of shareholders that are unrelated to the Group. Details of BNBM are set out in Note 20.

*Sinoma International Engineering Company Limited, ("Sinoma International")*

Sinoma International is a subsidiary of the Group although the Group has only 41.28% (2024: 40.97%) equity interests and voting rights in Sinoma International. Sinoma International is listed on the Shanghai Stock Exchange, PRC. The remaining 58.72% (2024: 59.03%) equity interests of Sinoma International are owned by thousands of shareholders that are unrelated to the Group. Details of Sinoma International are set out in Note 20.

*Ningxia Building Materials Group Co., Limited ("Ningxia Building Materials")*

Ningxia Building Materials is a subsidiary of the Group although the Group has only 49.03% (2024: 49.03%) equity interests and voting rights in Ningxia Building Materials. Ningxia Building Materials is listed on the Shanghai Stock Exchange, PRC. The remaining 50.97% (2024: 50.97%) equity interests of Ningxia Building Materials are owned by thousands of shareholders that are unrelated to the Group. Details of Ningxia Building Materials are set out in Note 20.

The management assessed whether or not the Group has control over BNBM, Sinoma International and Ningxia Building Materials (collectively, the "Principal Subsidiaries") based on whether the Group has the practical ability to direct the relevant activities of the Principal Subsidiaries unilaterally. In making the judgement, the management considered the Group's absolute size of holding in the Principal Subsidiaries and the relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities the Principal Subsidiaries and therefore the Group has control over the Principal Subsidiaries.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

#### 4.1 Critical judgements in applying accounting policies *(Continued)*

##### Significant influence over associates

*Gansu Shangfeng Cement Co., Ltd. ("Gansu Shangfeng")*

Note 21 describes that Gansu Shangfeng is an associate of the Group although the Group only owns 14.50% (2024: 14.50%) equity interests in Gansu Shangfeng. The Group has significant influence over Gansu Shangfeng by appointing 1 out of the 6 executive directors to the board of directors of that company.

*China Shanshui Cement Group Limited ("Shanshui Cement")*

Note 21 describes that Shanshui Cement is an associate of the Group although the Group only owns 12.94% (2024: 12.94%) equity interests in Shanshui Cement. The Group has significant influence over Shanshui Cement by entering into significant master agreements on continuing connected transaction with that company.

*CCCC Design & Consulting Group Co., Ltd. ("CCCC Design & Consulting") (formerly known as Gansu Qilianshan Cement Group Company Limited)*

Note 21 describes that CCCC Design & Consulting is an associate of the Group although the Group only owns 9.04% (2024: 9.04%) equity interests in CCCC Design & Consulting. The Group has significant influence over CCCC Design & Consulting by appointing 1 out of the 6 executive directors to the board of directors of that company.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

#### 4.2 Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Impairment of property, plant and equipment, right-of-use assets and intangible assets**

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to volatility in financial market and how the climate-related matters may progress and evolve.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets were approximately RMB201,214.61 million, RMB25,541.99 million and RMB33,239.81 million respectively, (2024: approximately RMB204,239.37 million, RMB27,046.94 million and RMB31,290.81 million respectively). after taking into account the impairment losses. Details of the impairment of property, plant and equipment, right-of-use assets, and intangible assets are disclosed in Notes 15, 16, 18B and 19.

##### **Estimated impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rates are subject to higher degree of estimation uncertainty due to volatility in financial market and how the climate-related matters may progress and evolve. As at 31 December 2025, the carrying amount of goodwill is approximately RMB31,829.27 million (2024: approximately RMB34,376.63 million). Details of the recoverable amount calculation are disclosed in Notes 18A and 18B.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

#### 4.2 Key sources of estimation uncertainty *(Continued)*

##### Deferred tax asset

As at 31 December 2025, a deferred tax asset of approximately RMB2,596.95 million (2024: approximately RMB2,468.88 million) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB31,920.17 million (2024: approximately RMB26,748.76 million) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits or taxable temporary differences will be available in the foreseeable future, which is a key source of estimation uncertainty. The uncertainty would depend on the volatility in financial market and how the climate-related matters may progress and solve. In cases where the actual profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

##### Provision of ECL for trade receivables and contract assets

Trade receivable and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are not assumed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 5.1(b) and 27.

##### Write down of inventories

Inventories are stated at lower of cost and net realisable value. During the year, allowance of approximately RMB153.19 million (2024: approximately RMB112.74 million) is recognised to the carrying amount of inventories.

The determination of the amount of provision of inventories requires judgement because the assessment of net realisable values of inventories requires management to make assumptions and to apply judgement regarding forecast consumer demand, inventory ageing, subsequent sales information and technological obsolescence. The management believes that there will not be a material change in the estimates or assumptions which are used in the assessment of net realisable values of inventories.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

#### 4.2 Key sources of estimation uncertainty *(Continued)*

##### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management is responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, 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 works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The management assesses regularly the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties and financial instruments. Relevant information about the utilisation of valuation techniques and input in the process of determining the fair value of each asset and liability is disclosed in Notes 5.3 and 17.

### 5. FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance. The Group seeks to minimise the effects of some of these risks by using derivative financial instruments.

##### (a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency risk, interest rate risk and equity price risk. There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (a) Market risk *(Continued)*

###### (i) Foreign currency risk

The Group's functional currency is RMB in which most of the transactions are denominated. However, certain cash and cash equivalents and borrowings are denominated in foreign currencies. Collections of the Group's revenue from overseas operations and payments for purchases of certain machinery and equipment and certain expenses are also denominated in foreign currencies.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign exchange risk. During the year, management of the Group has entered into certain foreign currency forward contracts, however they do not qualify for hedge accounting, therefore, they are deemed as financial assets or financial liabilities held for trading. The particulars of the outstanding foreign currency forward contracts as at the end of the reporting period are disclosed in Note 37.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollar ("USD")	<b>510,747</b>	783,019	<b>4,824,621</b>	4,098,733
European Dollar ("EUR")	<b>834,753</b>	1,355,248	<b>2,091,094</b>	2,703,287
Indonesian Rupiah ("IDR")	<b>3,746</b>	79,301	<b>309,936</b>	219,980
Nigerian Naira ("NGN")	<b>85,791</b>	–	<b>315,585</b>	247,425
South African Rand ("ZAR")	<b>1,917</b>	–	<b>187,063</b>	123,317
Mongolian Tugriks ("MNT")	<b>15,139</b>	3,469	<b>84,590</b>	61,083
Egyptian Pounds ("EGP")	<b>253,746</b>	149,423	<b>126,124</b>	275,993

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (a) Market risk *(Continued)*

##### (i) Foreign currency risk *(Continued)*

##### Sensitivity analysis

The following table details the Group's sensitivity to a 2.62% (2024: 2.74%) increase or decrease in RMB against the relevant foreign currencies. 2.62% (2024: 2.74%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of reporting period for a 2.62% (2024: 2.74%) change in foreign currency rates. A negative number below indicates an increase in loss (2024: a decrease in profit) where RMB strengthen 2.62% (2024: 2.74%) against the relevant currency. For a 2.62% (2024: 2.74%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be positive.

##### Effect on (loss)/profit after tax

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
USD	<b>89,942</b>	71,020
EUR	<b>24,733</b>	28,874
IDR	<b>6,028</b>	3,013
NGN	<b>4,524</b>	5,300
ZAR	<b>3,645</b>	3,708
MNT	<b>1,367</b>	1,234
EGP	<b>(2,512)</b>	2,711

The change in exchange rate does not affect other component of equity.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (a) Market risk *(Continued)*

##### (ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, fixed rate borrowings and lease liabilities.

The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank borrowings which carry at prevailing market interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate risk on bank balances is minimal as the fluctuation of the prevailing market interest rate is insignificant.

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balance, HIBOR arising from the Group's Hong Kong dollar denominated borrowings and PRC loan prime rate arising from the Group's Renminbi denominated borrowings.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. During the year, the Group has entered into certain interest rate swaps designated as cash flow hedge for its exposure to interest rate risk.

- (i) Total interest revenue/income from financial assets that are measured at amortised cost is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Financial assets at amortised cost	<b>577,247</b>	578,976

- (ii) Interest expense on financial liabilities not measured at fair value through profit or loss:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Financial liabilities at amortised cost	<b>4,921,269</b>	5,236,794

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (a) Market risk *(Continued)*

###### (ii) Interest rate risk *(Continued)*

###### Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates, including derivatives which are designated as effective hedging instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the financial instruments outstanding at the end of the reporting period, which amounted of approximately RMB102,588.63 million (2024: approximately RMB100,002.55 million) were outstanding for the whole year. A 40 basis point (2024: 26 basis points) increase or decrease in variable-rate bank borrowings and interest rate swaps designated to hedge cash flow interest rate risk are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 40 (2024: 26) basis points higher and all other variables were held constant, the Group's net loss for the year ended 31 December 2025 would have increased by approximately RMB305.32 million (2024: the Group's net profit for the year would have decreased by approximately RMB205.67 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings. For a 40 (2024: 26) basis points lower, there would be an equal and opposite impact on the (loss)/profit, and the balances above would be negative.

###### (iii) Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss in Note 23 as at 31 December 2025. The Group's listed investments are listed on the stock exchanges of Hong Kong, Shenzhen and Shanghai and are valued at quoted market prices at the end of the reporting period.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (a) Market risk *(Continued)*

##### (iii) Equity price risk *(Continued)*

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period date, and its respective highest and lowest point during the year was as follows:

	31 December 2025	High/low 2025	31 December 2024	High/low 2024
Hong Kong Stock Exchange				
– Hang Seng Index	25,631	27,382/18,671	20,060	23,242/14,794
Shenzhen Stock Exchange				
– Component Index	13,525	13,807/9,120	10,415	11,864/7,684
Shanghai Stock Exchange				
– Composite Index	3,969	4,034/3,041	3,352	3,674/2,635

#### Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 5.3(a).

The following table details the Group's sensitivity to a 10% increase in the fair values of listed equity securities against the Group's (loss)/profit after tax with all other variables held constant on their carrying amounts at the end of the reporting period.

	2025			2024		
	Carrying amount of equity investments RMB'000	Decrease in net loss RMB'000	Increase in other comprehensive income RMB'000	Carrying amount of equity investments RMB'000	Increase in net profit RMB'000	Increase in other comprehensive income RMB'000
Investments listed in: Stock Exchanges of Hong Kong, Shenzhen and Shanghai	2,650,143	198,761	-	2,769,793	216,300	-

For a 10% decrease in the fair values of the equity investments, there would be an equal and opposite impact on the net (loss)/profit or, where appropriate, other comprehensive income.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (b) Credit risk and impairment assessment

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. There are no significant changes in the quality of that collateral as a result of deterioration or changes in the collateral policies of the entity during both reporting periods.

##### (i) *Trade receivables and contract assets arising from contracts with customers*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix.

The Group has no significant concentration of credit risk. Trade receivable and contract asset (including amounts due from related parties with trading nature) consist of a large number of customers, spread across diverse geographical areas.

##### (ii) *Bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents*

The Group performs impairment assessment under ECL model on bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents based on 12m ECL.

For other receivables, deposits and amounts due from related parties, the management makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The credit risk on bills receivable is limited because the bills are guaranteed by banks for payments and the banks are either the state-owned banks or other creditworthy financial institutions in the PRC.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (b) Credit risk and impairment assessment *(Continued)*

- (ii) *Bills receivable, other receivables, deposits, amounts due from related parties, pledged bank deposits and cash and cash equivalents (Continued)*

The credit risk on other receivables deposits and amounts due from related parties is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change for the 12 months after the reporting date.

The credit risk on pledged bank deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The table below is the internal credit policy of the Group:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There has been significant increase in credit risk since initial recognition through information developed internally or externally resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the assets is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (b) Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

2025	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts RMB'000
Trade and other receivables	27			
– Trade receivables		<b>Note</b>	<b>Lifetime ECL</b>	<b>56,103,196</b>
– Contract assets		<b>Note</b>	<b>Lifetime ECL</b>	<b>10,767,363</b>
– Bills receivable		<b>Low risk</b>	<b>12m ECL</b>	<b>12,978,340</b>
– Other receivables and deposits		<b>Low risk</b>	<b>12m ECL</b>	<b>22,352,496</b>
Deposits	25	<b>Low risk</b>	<b>12m ECL</b>	<b>2,177,808</b>
Amounts due from related parties	28	<b>Low risk</b>	<b>12m ECL</b>	<b>2,908,644</b>
<b>2024</b>	<b>Notes</b>	<b>Internal credit rating</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amounts RMB'000</b>
Trade and other receivables	27			
– Trade receivables		Note	Lifetime ECL	56,442,301
– Contract assets		Note	Lifetime ECL	9,155,853
– Bills receivable		Low risk	12m ECL	11,671,216
– Other receivables and deposits		Low risk	12m ECL	22,661,142
Deposits	25	Low risk	12m ECL	2,577,030
Amounts due from related parties	28	Low risk	12m ECL	3,243,444

Note:

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

As part of the Group's credit risk management, except for debtors with significant outstanding balances or credit-impaired, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because of a large number of small customers with common risk characteristics that are representative of customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit and ECL for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (b) Credit risk and impairment assessment *(Continued)*

As at 31 December 2025	Weighted average loss rate	Gross carrying amount <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Net carrying amount <i>RMB'000</i>
ECL assessed collectively based on debtors' ageing				
Within two months	0.90%	10,022,860	90,627	9,932,233
More than two months but within one year	2.08%	20,301,516	422,285	19,879,231
Between one and two years	3.37%	9,432,180	318,061	9,114,119
Between two and three years	4.84%	4,807,968	232,541	4,575,427
Over three years	45.33%	9,113,603	4,131,233	4,982,370
		53,678,127	5,194,747	48,483,380
ECL assessed individually		13,192,432	5,063,296	8,129,136
		66,870,559	10,258,043	56,612,516
As at 31 December 2024	Weighted average loss rate	Gross carrying amount <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Net carrying amount <i>RMB'000</i>
ECL assessed collectively based on debtors' ageing				
Within two months	1.06%	6,951,455	73,723	6,877,732
More than two months but within one year	1.72%	23,428,854	403,869	23,024,985
Between one and two years	4.52%	10,786,371	487,770	10,298,601
Between two and three years	5.36%	5,140,915	275,435	4,865,480
Over three years	44.82%	7,154,191	3,206,506	3,947,685
		53,461,786	4,447,303	49,014,483
ECL assessed individually		12,136,368	4,855,853	7,280,515
		65,598,154	9,303,156	56,294,998

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.1 Financial risk factors *(Continued)*

##### (b) Credit risk and impairment assessment *(Continued)*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the year ended 31 December 2025, impairment allowance on trade receivables and contract assets is provided based on the provision matrix. Impairment loss of approximately RMB1,217.84 million (2024: approximately RMB235.49 million) was recognised for trade receivables and impairment loss of approximately RMB310.06 million (2024: approximately RMB234.49 million) was recognised for contract assets.

Movements in lifetime ECL that has been recognised for trade receivables and contract assets, under the simplified approach are as follows:

	<i>RMB'000</i>
<b>As at 1 January 2024</b>	8,934,349
Impairment loss under expected credit loss model, net	469,983
Amounts written off as uncollectible	(95,496)
Disposal of a subsidiary	(5,680)
<b>As at 31 December 2024 and 1 January 2025</b>	9,303,156
Impairment loss under expected credit loss model, net	<b>1,527,897</b>
Amounts written off as uncollectible	<b>(573,010)</b>
<b>As at 31 December 2025</b>	<b>10,258,043</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (b) Credit risk and impairment assessment *(Continued)*

Movements of the loss allowances for bills receivable, other receivables and amounts due from related parties are as follows:

	<i>RMB'000</i>
<b>As at 1 January 2024</b>	7,683,382
Impairment loss under expected credit loss model, net	159,692
Amounts written off as uncollectible	(514,580)
Disposal of a subsidiary	(38,381)
<b>As at 31 December 2024 and 1 January 2025</b>	7,290,113
Impairment loss under expected credit loss model, net	<b>527,886</b>
Amounts written off as uncollectible	<b>(92,911)</b>
<b>As at 31 December 2025</b>	<b>7,725,088</b>

#### (c) Liquidity risk

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

As at 31 December 2025, the Group has net current liabilities and capital commitments of approximately RMB48,109.65 million (2024: approximately RMB37,423.87 million) and approximately RMB102.60 million (2024: approximately RMB1,396.08 million) (Note 44), respectively. The Group is exposed to liquidity risk as a significant percentage of the Group's funding is sourced through short-term bank borrowings. The directors manage liquidity risk by monitoring the utilisation of borrowings, ensuring compliance with loan covenants and issuing new shares, domestic corporate bonds and debentures. The Group has obtained committed credit facilities from banks. As at 31 December 2025, the Group had unused banking facilities and bonds registered but not yet issued, of approximately RMB405,600.00 million (2024: approximately RMB393,067.55 million). In addition, the Group is maximizing sales performance through accelerated sales of existing inventory, pursuing new orders, and implementing comprehensive policies to further increase operating cash flow.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 5.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to four years RMB'000	Four to five years RMB'000	After five years RMB'000	Total undiscounted cashflow RMB'000	Carrying amount RMB'000
<b>As at 31 December 2025</b>									
Trade and other payables	-	93,602,946	-	-	-	-	-	93,602,946	93,602,946
Amounts due to related parties									
- Interest-free	-	3,693,898	16,360	-	-	-	10,700	3,720,958	3,710,258
- Fixed rate	2.11%	146,286	-	415,078	-	-	1,365,962	1,927,326	1,887,680
- Variable rate	4.95%	339,603	-	-	79,677	-	-	419,280	399,508
Borrowings									
- Fixed rate bank loans	2.18%	36,337,867	8,986,418	7,610,745	753,656	91,094	2,275,882	56,055,662	53,545,393
- Variable rate bank loans	2.17%	42,684,249	20,040,861	17,774,386	9,809,882	4,563,703	14,101,422	108,974,503	102,588,633
- Other borrowings from non-financial institutions	2.42%	1,096,274	446,409	339,777	-	-	-	1,882,460	1,409,322
- Bonds	2.54%	10,493,138	12,064,395	4,464,562	8,546,460	4,418,179	-	39,986,734	35,500,800
Lease liabilities	3.39%	482,299	390,838	323,787	225,206	199,793	1,606,023	3,227,946	2,331,254
Dividends payable to non-controlling interests	-	593,001	-	-	-	-	-	593,001	593,001
		189,469,561	41,945,281	30,928,335	19,414,881	9,272,769	19,359,989	310,390,816	295,568,795

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

### 5.1 Financial risk factors *(Continued)*

#### (c) Liquidity risk *(Continued)*

	Effective interest rate %	Within one year RMB'000	One to two years RMB'000	Two to three years RMB'000	Three to four years RMB'000	Four to five years RMB'000	After five years RMB'000	Total undiscounted cashflow RMB'000	Carrying amount RMB'000
<b>As at 31 December 2024</b>									
Trade and other payables	-	91,379,837	-	-	-	-	-	91,379,837	91,379,837
Amounts due to related parties									
- Interest-free	-	4,731,523	-	-	-	-	-	4,731,523	4,731,523
- Fixed rate	2.94%	123,696	-	133,796	-	-	403,330	660,822	641,940
- Variable rate	3.22%	165,379	2,281	-	283,283	-	-	450,943	441,314
Borrowings									
- Fixed rate bank loans	2.14%	28,872,843	13,906,426	8,346,040	249,377	958,622	449,702	52,783,010	50,969,992
- Variable rate bank loans	2.81%	36,036,665	21,507,898	19,431,845	8,644,042	8,278,442	12,998,129	106,897,021	100,002,550
- Other borrowings from non-financial institutions	4.14%	627,639	124,181	-	-	-	-	751,820	438,000
- Bonds	2.81%	16,025,704	3,646,761	8,290,838	7,134,959	8,786,635	-	43,884,897	40,500,000
Lease liabilities	4.10%	421,702	423,223	339,033	306,118	229,909	1,820,383	3,540,368	2,566,304
Dividends payable to non-controlling interests	-	311,080	-	-	-	-	-	311,080	311,080
		178,696,068	39,610,770	36,541,552	16,617,779	18,253,608	15,671,544	305,391,321	291,982,540
Derivative financial instruments									
- net settlement									
Foreign exchange forward contracts	-	4,689	-	-	-	-	-	4,689	4,689

### 5.2 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure the Group consists of debt, which includes the borrowings disclosed in Note 33, cash and cash equivalents disclosed in Note 30, equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings and perpetual capital instruments.

The management of the Group reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associates with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.3 Fair value measurements of financial instruments

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

Certain of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

For assets that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### Fair value hierarchy as at 31 December 2025

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Derivative financial instruments	–	1,076	–	1,076
Financial assets at fair value through profit or loss	2,650,143	–	7,545,022	10,195,165
Financial assets at fair value through other comprehensive income	–	–	42,906	42,906
Total assets	2,650,143	1,076	7,587,928	10,239,147

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.3 Fair value measurements of financial instruments *(Continued)*

##### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

###### Fair value hierarchy as at 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Derivative financial instruments	–	1,448	–	1,448
Financial assets at fair value through profit or loss	2,769,793	–	10,407,931	13,177,724
Financial assets at fair value through other comprehensive income	–	–	42,969	42,969
<b>Total assets</b>	<b>2,769,793</b>	<b>1,448</b>	<b>10,450,900</b>	<b>13,222,141</b>
Liability				
Derivative financial instruments	–	4,689	–	4,689
<b>Total liability</b>	<b>–</b>	<b>4,689</b>	<b>–</b>	<b>4,689</b>

During the years ended 31 December 2025 and 2024, there were no significant transfers between levels of the financial assets and financial liabilities.

During the years ended 31 December 2025 and 2024, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

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

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

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.3 Fair value measurements of financial instruments *(Continued)*

##### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

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

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

*Information about Level 3 fair value measurements*

Financial assets	Fair value as at 31 December 2025	Fair value as at 31 December 2024	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB4,454,982,000	Bank deposits in Mainland China with non-closely related embedded derivative: RMB7,140,066,000	Discounted cash flows Key unobservable inputs are: Expected yields of 0.3% to 2.55% (2024: 0.85% to 2.87%) of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note (i))	The higher the discount rate, the lower the fair value The higher the expected yield, the higher the fair value
Unlisted equity investments classified as financial assets at fair value through profit or loss	Unlisted equity investments: RMB838,509,000	Unlisted equity investments: RMB1,045,804,000	Market approach: Price-to-Book (P/B) Ratio Key unobservable input: Discount rate for lack of marketability – 21.24% to 21.54% (2024: 16.34% to 16.79%) (Note (ii))	The higher the discount rate, the lower the fair value
Unlisted funds classified as financial assets at fair value through profit or loss	Unlisted funds of RMB2,251,531,000	Unlisted funds of RMB2,222,061,000	Net asset value (Note (iii))	N/A
Unlisted equity investments classified as financial assets at fair value through other comprehensive income	Unlisted equity investments: RMB42,906,000	Unlisted equity investments: RMB42,969,000	Net asset value (2024: With reference to recent transaction price)	N/A

Notes:

- (i) The management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.
- (ii) The fair value of unlisted equity instruments is determined using the price/earnings ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025, it is estimated that with all other variable held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's profit or loss by approximately RMB8.84 million (2024: approximately RMB9.35 million).
- (iii) The unlisted funds are redeemable at a redemption price equals to the net assets value.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 5. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

#### 5.3 Fair value measurements of financial instruments *(Continued)*

##### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

*Reconciliation of level 3 fair value measurements*

	Financial assets at fair value through profit or loss <i>RMB'000</i>	Financial assets at fair value through other comprehensive income <i>RMB'000</i>
<b>At 1 January 2024</b>	10,688,597	18,969
Increase in fair value of financial assets at fair value through profit or loss, net	144,149	–
Additions	25,141,023	24,000
Disposal	(25,559,812)	–
Exchange re-alignment	(6,026)	–
<b>At 31 December 2024 and 1 January 2025</b>	10,407,931	42,969
Decrease in fair value of financial assets at fair value through profit or loss/other comprehensive income, net	<b>(22,128)</b>	<b>(990)</b>
Additions	<b>21,253,432</b>	<b>927</b>
Disposal	<b>(24,083,550)</b>	–
Exchange re-alignment	<b>(10,663)</b>	–
<b>At 31 December 2025</b>	<b>7,545,022</b>	<b>42,906</b>

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

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

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 6. REVENUE

	2025 RMB'000	2024 RMB'000
Sale of goods	149,840,420	154,047,628
Provision of engineering services	25,380,943	24,320,519
Rendering of other services	2,625,723	2,932,554
	<b>177,847,086</b>	181,300,701

The Group's revenue recognition policies are disclosed as follows:

#### Sale of goods

The revenue of the Group from sale of goods is recognised at a point in time. Under the transfer-of-control approach in IFRS 15, revenue from sales of cement, concrete, fibreglass, composite and light building materials is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the goods, which also represented the point of time when goods delivered. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

#### Provision of engineering technology services

The revenue of the Group from provision of engineering technology services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB50,620.94 million (2024: approximately RMB78,727.26 million). This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the construction work is completed, which is expected to occur within 3 years.

# Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

## 7. SEGMENTS INFORMATION

### (a) Operating segments

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

Principal activities are as follows:

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

No information about geographic location of the Group's operations and assets is presented as such information is not regularly provided to management for resource allocation and performance assessment purposes.

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

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

7. SEGMENTS INFORMATION *(CONTINUED)*(a) Operating segments *(Continued)*

Information regarding the Group's reportable segments is presented below:

For the year ended 31 December 2025

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering technology services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
<b>Consolidated statement of profit or loss</b>							
Revenue							
External sales							
At a point of time	56,010,376	21,634,716	54,658,838	7,113,727	5,036,894	-	144,454,551
Over time	-	-	637,667	32,754,868	-	-	33,392,535
	56,010,376	21,634,716	55,296,505	39,868,595	5,036,894	-	177,847,086
Inter-segment sales (Note)	738,953	46,438	260,232	8,970,723	8,630,389	(18,646,735)	-
	56,749,329	21,681,154	55,556,737	48,839,318	13,667,283	(18,646,735)	177,847,086
<b>Adjusted EBITDA/(LBITDA)</b>	6,161,816	1,510,502	9,880,097	3,807,917	(750,265)	-	20,610,067
Depreciation and amortisation	(10,668,096)	(957,876)	(3,661,651)	(646,919)	(246,615)	-	(16,181,157)
Unallocated other income, net							257,556
Unallocated administrative expenses							(35,480)
Share of results of associates	(18,227)	25,126	158,802	123,028	564,739	-	853,468
Share of results of joint ventures	14,159	-	(8,011)	-	487	-	6,635
Finance costs, net	(2,938,077)	(740,984)	(363,167)	164,073	(684,573)	-	(4,562,728)
Unallocated finance income, net							218,706
Profit before income tax							1,167,067
Income tax expense							(2,087,932)
Loss for the year							(920,865)

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

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 7. SEGMENTS INFORMATION *(CONTINUED)*

### (a) Operating segments *(Continued)*

For the year ended 31 December 2025 *(Continued)*

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering services RMB'000	Others RMB'000	Total RMB'000
<b>Other information</b>						
Additions to non-current assets						
Property, plant and equipment	6,413,096	201,662	5,154,044	1,064,851	78,570	12,912,223
Right-of-use assets	385,013	2,624	167,654	37,123	43,093	635,507
Intangible assets	3,503,491	31,837	599,723	104,691	1,443	4,241,185
Goodwill	317,172	-	282,339	-	-	599,511
Unallocated						47,061
	10,618,772	236,123	6,203,760	1,206,665	123,106	18,435,487
Additions to non-current assets through acquisition of subsidiaries						
Allocated	563,552	13,635	1,209,321	-	-	1,786,508
Unallocated						18,731
						1,805,239
Depreciation and amortisation						
Property, plant and equipment	7,741,682	666,518	3,161,979	544,643	180,094	12,294,916
Right-of-use assets	1,275,525	259,680	290,928	52,770	53,402	1,932,305
Intangible assets	1,650,889	31,678	208,744	49,506	13,119	1,953,936
Unallocated						35,480
	10,668,096	957,876	3,661,651	646,919	246,615	16,216,637

Note: Non-current assets excluded interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, non-current deposits, non-current trade and other receivables, deferred income tax assets and derivatives financial instruments.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

**7. SEGMENTS INFORMATION (CONTINUED)****(a) Operating segments (Continued)**For the year ended 31 December 2025 *(Continued)*

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering services RMB'000	Others RMB'000	Total RMB'000
Impairment loss under expected credit loss model, net of reversal	103,390	802,804	167,455	908,310	73,824	2,055,783
Impairment of goodwill	2,881,721	131,950	5,282	72,519	-	3,091,472
Impairment of property, plant and equipment	2,591,860	201,554	139,017	15,164	624,455	3,572,050
Impairment of right-of-use assets	86,949	-	-	-	25,186	112,135
Impairment of intangible assets	45,352	37	13,767	-	332,790	391,946
Write down of inventories	22,629	36	96,763	9,560	24,198	153,186
<b>Consolidated statement of financial position</b>						
<b>Assets</b>						
Segment assets	222,434,915	43,780,629	92,877,884	41,303,286	6,727,827	407,124,541
Interests in associates	5,125,021	499,736	3,312,029	2,713,886	22,039,753	33,690,425
Interests in joint ventures	435,160	-	95,107	-	-	530,267
Unallocated assets						48,197,276
<b>Total consolidated assets</b>						<b>489,542,509</b>
<b>Liabilities</b>						
Segment liabilities	134,405,562	20,791,722	41,979,527	34,354,859	6,954,731	238,486,401
Unallocated liabilities						64,641,714
<b>Total consolidated liabilities</b>						<b>303,128,115</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 7. SEGMENTS INFORMATION *(CONTINUED)*

### (a) Operating segments *(Continued)*

For the year ended 31 December 2024

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering technology services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
<b>Consolidated statement of profit or loss</b>							
Revenue							
External sales							
At a point of time	66,336,024	24,527,333	47,604,968	102,714	6,116,173	-	144,687,212
Over time	-	-	925,532	35,687,957	-	-	36,613,489
	66,336,024	24,527,333	48,530,500	35,790,671	6,116,173	-	181,300,701
Inter-segment sales (Note)	212,963	25,240	21,158	9,673,660	12,296,470	(22,229,491)	-
	66,548,987	24,552,573	48,551,658	45,464,331	18,412,643	(22,229,491)	181,300,701
<b>Adjusted EBITDA</b>	14,860,604	2,107,616	8,801,741	3,006,356	106,459	-	28,882,776
Depreciation and amortisation	(10,987,523)	(867,002)	(3,377,007)	(512,757)	(268,883)	-	(16,013,172)
Unallocated other income, net							260,262
Unallocated administrative expenses							(59,712)
Share of results of associates	33,233	16,213	35,624	58,885	946,974	-	1,090,929
Share of results of joint ventures	(8,815)	-	(1,650)	-	552	-	(9,913)
Finance costs, net	(3,151,000)	(737,221)	(451,605)	35,450	(388,687)	-	(4,693,063)
Unallocated finance costs, net							35,245
Profit before income tax							9,493,352
Income tax expense							(2,079,766)
Profit for the year							7,413,586

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

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 7. SEGMENTS INFORMATION (CONTINUED)

#### (a) Operating segments (Continued)

For the year ended 31 December 2024 (Continued)

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of each segment with the exception of corporate expense payables.

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering technology services RMB'000	Others RMB'000	Total RMB'000
<b>Other information</b>						
Addition to non-current assets (Note):						
Property, plant and equipment	9,024,344	304,173	7,669,676	1,134,772	75,186	18,208,151
Right-of-use assets	1,340,831	21,859	416,034	82,716	29,575	1,891,015
Intangible assets	3,431,098	12,146	208,001	34,434	39,085	3,724,764
Goodwill	254,437	–	1,984,354	–	–	2,238,791
Unallocated						500
	14,050,710	338,178	10,278,065	1,251,922	143,846	26,063,221
Addition to non-current assets through acquisition of subsidiaries	822,899	–	2,274,328	–	–	3,097,227
Depreciation and amortisation:						
Property, plant and equipment	7,682,600	559,732	2,821,504	412,008	183,963	11,659,807
Right-of-use assets	1,370,923	279,331	242,960	50,990	37,700	1,981,904
Intangible assets	1,934,000	27,939	312,543	49,759	47,220	2,371,461
Unallocated						59,712
	10,987,523	867,002	3,377,007	512,757	268,883	16,072,884

Note: Non-current assets excluded interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, non-current deposits, non-current trade and other receivables, deferred income tax assets and derivatives financial instruments.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 7. SEGMENTS INFORMATION *(CONTINUED)*

### (a) Operating segments *(Continued)*

For the year ended 31 December 2024 *(Continued)*

	Cement <i>RMB'000</i>	Concrete <i>RMB'000</i>	New materials <i>RMB'000</i>	Engineering technology services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Impairment loss under expected credit loss model, net of reversal	78,630	110,660	67,731	352,257	20,397	629,675
Impairment of goodwill	–	–	32,201	41,453	–	73,654
Impairment of property, plant and equipment	14,696	18,007	6,850	–	43,398	82,951
(Reversal of write down)/write down of inventories	(8,450)	347	78,591	8,468	33,780	112,736
<b>Consolidated statement of financial position</b>						
<b>Assets</b>						
Segment assets	229,610,948	47,754,612	85,134,943	40,249,872	7,252,692	410,003,067
Interests in associates	6,982,978	491,694	3,070,867	2,601,588	19,968,547	33,115,674
Interests in joint ventures	120,513	–	102,580	–	–	223,093
Unallocated assets						50,665,442
<b>Total consolidated assets</b>						494,007,276
<b>Liabilities</b>						
Segment liabilities	138,759,882	20,392,785	38,200,200	32,461,196	7,196,107	237,010,170
Unallocated liabilities						62,469,221
<b>Total consolidated liabilities</b>						299,479,391

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 7. SEGMENTS INFORMATION *(CONTINUED)*

#### (a) Operating segments *(Continued)*

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Adjusted EBITDA for reportable segments	<b>21,360,332</b>	28,776,317
Adjusted (LBITDA)/EBITDA for other segments	<b>(750,265)</b>	106,459
Total segments profit	<b>20,610,067</b>	28,882,776
Depreciation of property, plant and equipment	<b>(12,294,916)</b>	(11,659,807)
Depreciation of right-of-use assets	<b>(1,932,305)</b>	(1,981,904)
Amortisation of intangible assets	<b>(1,953,936)</b>	(2,371,461)
Corporate items	<b>222,076</b>	200,550
Operating profit	<b>4,650,986</b>	13,070,154
Finance costs, net	<b>(4,344,022)</b>	(4,657,818)
Share of results of associates	<b>853,468</b>	1,090,929
Share of results of joint ventures	<b>6,635</b>	(9,913)
Profit before income tax	<b>1,167,067</b>	9,493,352

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 7. SEGMENTS INFORMATION *(CONTINUED)*

#### (b) Geographical segments

The Group's revenue from the following geographical markets, based on the locations of customers:

##### Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC	<b>145,448,510</b>	154,378,073
Europe	<b>4,377,477</b>	4,148,497
Middle East	<b>7,571,395</b>	4,912,297
Asia – Others	<b>7,084,865</b>	6,167,178
Oceania	<b>327,408</b>	1,182,085
Africa	<b>10,268,695</b>	8,489,474
Americas	<b>2,059,594</b>	1,288,254
Others	<b>709,142</b>	734,843
	<b>177,847,086</b>	181,300,701

#### (c) Information of major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2025 and 2024.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 8. INVESTMENT AND OTHER INCOME, NET

	2025 RMB'000	2024 RMB'000
Government subsidies:		
– VAT refunds (Note (a))	662,754	810,469
– Government grants (Note (b))	1,862,183	1,814,550
– Interest subsidy	4,758	39,724
Gain on disposal of subsidiaries, net (Note 42(b))	16,425	251,073
Gain on disposal of partial interest of an associate	109,136	–
Gain on disposal of other investments	95,356	54,578
Loss on deemed disposal of interests in associates	–	(122,479)
Increase in fair value of financial assets at fair value through profit or loss, net	266,338	137,144
Decrease in fair value of derivative financial instruments, net	(33)	(22,073)
Net rental income from:		
– Investment properties (Note 17)	55,754	34,424
– Land and building	59,937	64,434
– Equipment	129,496	124,896
Gain on disposal of property, plant and equipment	126,288	277,130
Gain on disposal of investment properties	76,357	511,033
Gain on disposal of intangible assets	101,019	242,607
Gain on disposal of right-of-use assets	77,306	176,845
Technical and other service income	839,630	720,957
Claims received	67,461	112,145
Waiver of payables	185,210	324,297
Others	83,413	(18,314)
	<b>4,818,788</b>	<b>5,533,440</b>

Notes:

- (a) The State Council of the PRC issued a “Notice Encouraging Comprehensive Utilisation of Natural Resources” (the “Notice”) in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise natural resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that recognised industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.
- (b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development. There are no specific conditions that are needed to be fulfilled for receiving such government grants.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 9. FINANCE COSTS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on bank borrowings	<b>3,766,317</b>	3,739,444
Interest expenses on bonds and other borrowings	<b>1,324,710</b>	1,717,200
Interest expenses on lease liabilities	<b>138,180</b>	127,461
Less: interest capitalised to construction in progress	<b>(307,938)</b>	(347,311)
	<b>4,921,269</b>	5,236,794
Interest income:		
– interest on bank deposits	<b>(409,493)</b>	(429,475)
– interest on loans receivable	<b>(167,754)</b>	(149,501)
	<b>(577,247)</b>	(578,976)
Finance costs, net	<b>4,344,022</b>	4,657,818

Borrowing costs capitalised for the year ended 31 December 2025 arose on the general borrowing pool and were calculated by applying a capitalisation rate of 2.66% (2024: 2.92%) per annum to expenditure on the qualifying assets.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

**10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS****(a) Directors' and supervisors' emoluments**

Year ended 31 December 2025

	Fees RMB'000	Salaries allowance and benefits-in-kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	Share appreciation rights RMB'000	Total RMB'000
<b>Executive directors</b>						
Mr. Zhou Yuxian	-	-	-	-	-	-
Mr. Wei Rushan	-	-	-	-	-	-
Mr. Liu Yan (Note a)	-	72	55	6	-	133
Mr. Wang Bing	-	862	660	68	-	1,590
Ms. Miao Xiaoling (Note b)	-	144	-	11	-	155
<b>Non-executive directors</b>						
Mr. Wang Yumeng	-	-	-	-	-	-
Mr. Shen Yungang (Note c)	-	-	-	-	-	-
Mr. Xiao Jiayang (Note a)	10	-	-	-	-	10
Mr. Chen Shaolong	-	-	-	-	-	-
<b>Independent non-executive directors</b>						
Mr. Sun Yanjun	300	-	-	-	-	300
Mr. Liu Jianwen	300	-	-	-	-	300
Mr. Zhou Fangsheng (Note e)	300	-	-	-	-	300
Ms. Xia Xue	300	-	-	-	-	300
Mr. Li Jun	300	-	-	-	-	300
<b>Supervisors</b>						
Mr. Zhang Jianfeng	-	-	-	-	-	-
Ms. Yu Yuehua (Note d)	-	611	120	57	-	788
Ms. Du Guangyuan	-	642	144	68	-	854
<b>Independent supervisors</b>						
Mr. Li Xuan	200	-	-	-	-	200
Mr. Wei Jianguo	200	-	-	-	-	200
	1,910	2,331	979	210	-	5,430

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

### (a) Directors' and supervisors' emoluments *(Continued)*

Year ended 31 December 2024

	Fees RMB'000	Salaries allowance and benefits-in-kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	Share appreciation rights RMB'000	Total RMB'000
<b>Executive directors</b>						
Mr. Zhou Yuxian	-	-	-	-	-	-
Mr. Wei Rushan	-	-	-	-	-	-
Mr. Liu Yan (Note a)	-	858	660	66	-	1,584
Mr. Wang Bing	-	912	660	66	-	1,638
<b>Non-executive directors</b>						
Mr. Li Xinhua (Note f)	-	-	-	-	-	-
Mr. Chang Zhangli (Note g)	-	-	-	-	-	-
Mr. Wang Yumeng	-	-	-	-	-	-
Mr. Shen Yungang	-	-	-	-	-	-
Ms. Fan Xiaoyan (Note h)	-	-	-	-	-	-
Mr. Xiao Jiayang (Note a)	147	-	-	-	-	147
Mr. Chen Shaolong (Note i)	-	-	-	-	-	-
<b>Independent non-executive directors</b>						
Mr. Sun Yanjun	300	-	-	-	-	300
Mr. Liu Jianwen	300	-	-	-	-	300
Mr. Zhou Fangsheng (Note e)	175	-	-	-	-	175
Ms. Xia Xue	300	-	-	-	-	300
Mr. Li Jun	300	-	-	-	-	300
<b>Supervisors</b>						
Mr. Qu Xiaoli (Note g)	-	-	-	-	-	-
Mr. Zhang Jianfeng	-	-	-	-	-	-
Ms. Yu Yuehua	-	603	144	66	-	813
Ms. Zeng Xuan (Note j)	-	454	144	55	-	653
Ms. Du Guangyuan	-	541	144	66	-	751
<b>Independent supervisors</b>						
Mr. Li Xuan	200	-	-	-	-	200
Mr. Wei Jianguo	200	-	-	-	-	200
	1,922	3,368	1,752	319	-	7,361

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

#### (a) Directors' and supervisors' emoluments *(Continued)*

Notes:

- (a) Resigned on 16 January 2025.
- (b) Appointed on 19 February 2025.
- (c) Resigned on 21 October 2025.
- (d) Resigned on 22 October 2025.
- (e) Resigned on 1 August 2024, but he is still in office up to the date of this report. His resignation will take effect upon the approval of the shareholders at a shareholders' meeting of the appointment of a new independent non-executive director replacing Mr. Zhou. No termination benefits are paid during the year.
- (f) Resigned on 25 October 2024.
- (g) Resigned on 28 August 2024.
- (h) Resigned on 29 April 2024.
- (i) Appointed on 29 April 2024.
- (j) Resigned on 6 November 2024.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 10. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

#### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (2024: none) of the director of the Company whose emoluments is included in the disclosures below. The emoluments in respect of five (2024: five) individuals were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits-in-kind	<b>6,214</b>	5,096
Discretionary bonuses	<b>8,188</b>	9,971
Retirement plan contributions	<b>182</b>	267
	<b>14,584</b>	15,334

Their emoluments paid by the Group are within the following bands:

	<b>Number of the five highest paid individuals</b>	
	<b>2025</b>	2024
HKD2,500,001 – HKD3,000,000	<b>1</b>	–
HKD3,000,001 – HKD3,500,000	<b>3</b>	5
HKD3,500,001 – HKD4,000,000	<b>1</b>	–

No emoluments were paid by the Group to the directors, supervisors nor the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and none of the directors and supervisors has waived any emoluments for both years.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 11. PROFIT BEFORE INCOME TAX

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

	2025 RMB'000	2024 RMB'000
Depreciation of:		
Property, plant and equipment	12,294,916	11,659,807
Investment properties	35,480	59,712
Right-of-use assets	1,932,305	1,981,904
	<b>14,262,701</b>	13,701,423
Amortisation of intangible assets	1,953,936	2,371,461
	<b>16,216,637</b>	16,072,884
Impairment loss on goodwill*	3,091,472	73,654
Impairment loss on property, plant and equipment*	3,572,050	82,951
Impairment loss on right-of-use assets*	112,135	–
Impairment loss on intangible assets*	391,946	–
Impairment loss on interests in an associate	8,353	–
Loss on written-off of non-current assets	44,822	56,942
Loss on goodwill from deregistration of subsidiaries	88,367	17,356
Cost of inventories recognised as expenses	116,546,112	131,786,360
Auditor's remuneration		
– Audit services	4,094	3,892
– Non-audit service	3,045	1,558
	<b>7,139</b>	5,450
Staff costs including directors' remunerations		
– Salaries, bonus and other allowances	19,493,141	19,577,602
– Equity-settled share-based payment expenses	9,281	44,527
– Retirement plan contributions	2,315,314	2,296,839
	<b>21,817,736</b>	21,918,968
Write down of inventories, net	153,186	112,736
Net foreign exchange (gain)/loss	(1,647)	265,133

\* These impairment losses are included in administrative expenses in the consolidated statement of profit or loss.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 12. INCOME TAX EXPENSE

#### (a) Taxation in the consolidated statement of profit or loss

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax	<b>2,829,453</b>	2,276,264
Deferred income tax (Note 34)		
– Current year	<b>(905,670)</b>	(454,459)
– Write-down of previously recognised deferred tax	<b>164,149</b>	257,961
	<b>(741,521)</b>	(196,498)
	<b>2,087,932</b>	2,079,766

PRC income tax is calculated at 25% (2024: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for both years, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rates of 15% entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective/enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 12. INCOME TAX EXPENSE

#### (a) Taxation in the consolidated statement of profit or loss *(Continued)*

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before income tax	<b>1,167,067</b>	9,493,352
Tax at domestic income tax rate of 25% (2024: 25%)	<b>291,767</b>	2,373,338
Tax effect of:		
Share of results of associates	<b>(213,367)</b>	(272,732)
Share of results of joint ventures	<b>(1,659)</b>	2,478
Expenses not deductible for tax purposes	<b>465,500</b>	170,638
Deductible temporary differences not recognised	<b>1,300,778</b>	44,740
Write-down of previously recognised deferred tax	<b>164,149</b>	257,961
Income not taxable for tax purposes	<b>(489,973)</b>	(288,565)
Tax losses not recognised	<b>2,031,793</b>	1,269,581
Utilisation of tax losses previously not recognised	<b>(255,892)</b>	(142,437)
Income tax credits granted to subsidiaries on acquisition of certain qualified equipment	<b>(7,876)</b>	(4,650)
Effect of different tax rates of subsidiaries	<b>(1,197,288)</b>	(1,330,586)
	<b>2,087,932</b>	2,079,766

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 12. INCOME TAX EXPENSE *(CONTINUED)*

#### (b) Tax effects relating to each component of other comprehensive income

	Before	2025	Net of	Before	2024	Net of
	taxation	Taxation	taxation	taxation	Taxation	taxation
		credited			credited	
		(Note 34)			(Note 34)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actuarial gains/(losses) on defined benefit obligations	16,006	–	16,006	(32,829)	561	(32,268)
Changes in the fair value of financial assets without recycling	(990)	–	(990)	–	–	–
Currency translation differences	(8,654)	–	(8,654)	(135,309)	–	(135,309)
Share of associates' other comprehensive expense	(25,899)	–	(25,899)	(714)	–	(714)
Share of joint ventures' other comprehensive income	539	–	539	89	–	89
Change in the fair value on hedging instruments designated as cash flow hedges	1,229	–	1,229	13,423	(3,479)	9,944
Other comprehensive expense	(17,769)	–	(17,769)	(155,340)	(2,918)	(158,258)

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 13. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividends paid		
– RMB0.158 (2024: RMB0.229) per share by the Company	<b>1,199,697</b>	1,931,562
Proposed final dividend		
– RMB0.150 (2024: RMB0.158) per share by the Company (see below)	<b>1,138,953</b>	1,199,697

The final dividend of RMB1,138,953,000 in total (pre-tax) has been proposed by the board of directors on 30 March 2026 and is subject to approval of the shareholders of the Company in the forthcoming annual general meeting.

### 14. (LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/earnings attributable to owners of the Company	<b>(3,745,255)</b>	2,387,299

	2025 <i>'000</i>	2024 <i>'000</i>
Weighted average number of ordinary shares in issue	<b>7,754,453</b>	8,434,771

Diluted (loss)/earnings per share attributable to equity shareholders of the Company for the years ended 31 December 2025 and 2024 is the same as basic (loss)/earnings per share, as the effect of assumed vesting of unvested ordinary shares was anti-dilutive.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress <i>RMB'000</i>	Land and buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>					
As at 1 January 2024	23,672,114	131,271,519	133,134,238	2,475,029	290,552,900
Additions	15,339,650	1,617,097	1,084,579	166,825	18,208,151
Acquisition of subsidiaries (Note 42(a))	10,770	1,212,260	563,311	1,506	1,787,847
Transfer from construction in progress	(11,118,489)	4,478,458	6,624,964	20,026	4,959
Transfer to construction in progress for reconstruction	990,149	(531,631)	(1,490,342)	(2,360)	(1,034,184)
Disposals/written-off	(47,512)	(1,505,238)	(2,811,450)	(492,354)	(4,856,554)
Disposals of subsidiaries (Note 42(b))	(106,349)	(313,540)	(301,417)	(25,878)	(747,184)
Transfer from investment properties (Note 17)	–	22,665	–	–	22,665
Transfer to investment properties (Note 17)	(2,489)	(465,009)	–	–	(467,498)
As at 31 December 2024 and 1 January 2025	28,737,844	135,786,581	136,803,883	2,142,794	303,471,102
Additions	<b>9,261,688</b>	<b>941,639</b>	<b>2,505,853</b>	<b>203,043</b>	<b>12,912,223</b>
Acquisition of subsidiaries (Note 42(a))	<b>52,801</b>	<b>379,754</b>	<b>845,214</b>	<b>6,364</b>	<b>1,284,133</b>
Transfer from construction in progress	<b>(18,189,774)</b>	<b>3,887,021</b>	<b>14,279,650</b>	<b>23,103</b>	<b>–</b>
Transfer to construction in progress for reconstruction	<b>340,934</b>	<b>(96,527)</b>	<b>(286,910)</b>	<b>–</b>	<b>(42,503)</b>
Disposals/written-off	<b>(60,884)</b>	<b>(1,696,311)</b>	<b>(2,285,605)</b>	<b>(385,253)</b>	<b>(4,428,053)</b>
Disposals of subsidiaries (Note 42(b))	<b>–</b>	<b>(21,551)</b>	<b>(16,958)</b>	<b>(218)</b>	<b>(38,727)</b>
Transfer from investment properties (Note 17)	<b>–</b>	<b>104,355</b>	<b>–</b>	<b>–</b>	<b>104,355</b>
Transfer to investment properties (Note 17)	<b>–</b>	<b>(118,788)</b>	<b>–</b>	<b>–</b>	<b>(118,788)</b>
Reclassified as held for sale (Note 31)	<b>–</b>	<b>(38,897)</b>	<b>(21,518)</b>	<b>–</b>	<b>(60,415)</b>
As at 31 December 2025	<b>20,142,609</b>	<b>139,127,276</b>	<b>151,823,609</b>	<b>1,989,833</b>	<b>313,083,327</b>

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

**15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>Depreciation and impairment</b>					
As at 1 January 2024	760,098	34,040,109	56,753,418	991,400	92,545,025
Charge for the year	–	3,895,290	7,559,437	205,080	11,659,807
Disposals/written-off	(36,065)	(843,589)	(2,204,134)	(449,318)	(3,533,106)
Impairment loss recognised*	462	44,976	37,494	19	82,951
Disposal of subsidiaries (Note 42(b))	(57,399)	(88,629)	(171,948)	(24,415)	(342,391)
Transfer to construction in progress for reconstruction	–	(145,201)	(887,468)	(1,515)	(1,034,184)
Transfer from construction in progress	(8,513)	7,069	6,403	–	4,959
Transfer from investment properties (Note 17)	–	3,952	–	–	3,952
Transfer to investment properties (Note 17)	–	(155,276)	–	–	(155,276)
As at 31 December 2024 and 1 January 2025	658,583	36,758,701	61,093,202	721,251	99,231,737
Charge for the year	–	<b>3,760,353</b>	<b>8,271,574</b>	<b>262,989</b>	<b>12,294,916</b>
Disposals/written-off	–	<b>(1,101,926)</b>	<b>(1,688,356)</b>	<b>(340,891)</b>	<b>(3,131,173)</b>
Impairment loss recognised*	<b>37,526</b>	<b>2,406,169</b>	<b>1,120,448</b>	<b>7,907</b>	<b>3,572,050</b>
Disposal of subsidiaries (Note 42(b))	–	<b>(8,050)</b>	<b>(12,708)</b>	<b>(61)</b>	<b>(20,819)</b>
Transfer to construction in progress for reconstruction	–	<b>(3,379)</b>	<b>(39,124)</b>	–	<b>(42,503)</b>
Transfer from investment properties (Note 17)	–	<b>16,623</b>	–	–	<b>16,623</b>
Transfer to investment properties (Note 17)	–	<b>(32,179)</b>	–	–	<b>(32,179)</b>
Reclassified as held for sale (Note 31)	–	<b>(8,586)</b>	<b>(11,353)</b>	–	<b>(19,939)</b>
As at 31 December 2025	<b>696,109</b>	<b>41,787,726</b>	<b>68,733,683</b>	<b>651,195</b>	<b>111,868,713</b>
<b>Carrying amount</b>					
As at 31 December 2025	<b>19,446,500</b>	<b>97,339,550</b>	<b>83,089,926</b>	<b>1,338,638</b>	<b>201,214,614</b>
As at 31 December 2024	28,079,261	99,027,880	75,710,681	1,421,543	204,239,365

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The carrying amount of land and buildings shown above comprises leasehold interests in land situated in the PRC under medium term leases.

Depreciation is provided to allocate the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, as follows:

Land and buildings	2.38%
Plant and machinery	5.28% to 9.50%
Motor vehicles	9.50%

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Construction in progress	<b>1,738,800</b>	1,738,800
Land and buildings	<b>942,429</b>	956,265
Plant and machinery	<b>400,192</b>	60,507
<b>Total</b>	<b>3,081,421</b>	2,755,572

At 31 December 2025, land and buildings with carrying amount of approximately RMB5,338.90 million (2024: approximately RMB6,181.79 million) are still in the process of applying the title certificates.

\* Details of the impairment assessment and the impairment loss recognised on property, plant and equipment are disclosed in Note 18B.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 16. RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2025 Carrying amount	<b>21,196,816</b>	<b>2,806,695</b>	<b>1,400,009</b>	<b>138,473</b>	<b>25,541,993</b>
As at 31 December 2024 Carrying amount	21,540,227	3,018,467	2,338,984	149,263	27,046,941
For the year ended 31 December 2025 Depreciation charge	<b>618,841</b>	<b>380,170</b>	<b>919,570</b>	<b>13,724</b>	<b>1,932,305</b>
Impairment loss recognised*	<b>112,135</b>	-	-	-	<b>112,135</b>
For the year ended 31 December 2024 Depreciation charge	645,707	397,218	924,978	14,001	1,981,904
			<b>2025</b>		2024
			<b><i>RMB'000</i></b>		<i>RMB'000</i>
Expense relating to short-term leases			<b>141,101</b>		107,845
Expense relating to leases of low-value assets, excluding short-term leases of low value assets			<b>77</b>		814
Variable lease payments not included in the measurement of lease liabilities			<b>2,527</b>		2,146
Total cash outflow for leases			<b>800,241</b>		602,181
Additions to right-of-use assets			<b>635,507</b>		1,891,015
Additions upon acquisition of subsidiaries (Note 42(a))			<b>397,713</b>		478,531

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **16. RIGHT-OF-USE ASSETS *(CONTINUED)***

The Group leases various offices, plant and machinery and motor vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 43 years (2024: 1 year to 50 years) with no extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands except for those with a total carrying amount of approximately RMB356.18 million (2024: approximately RMB369.82 million) where the applications are still in the process.

The Group regularly enters into short-term leases for office, plant and machinery and motor vehicles. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at 31 December 2025, the Group has leasehold lands with a carrying amount of approximately RMB152.87 million (2024: approximately RMB90.40 million) to secure bank and other borrowings granted to the Group.

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. At the lease commencement date, the Group has included the fixed amounts expected to be payable by the Group as a lessee under residual value guarantees in the measurement of lease liability. There is no further future cash outflows to which the Group is potentially exposed that are not reflected in the measurement of lease liabilities.

\* Details of the impairment assessment and the impairment loss recognised on right-of-assets are disclosed in Note 18B.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 17. INVESTMENT PROPERTIES

	<i>RMB'000</i>
<b>Cost</b>	
As at 1 January 2024	2,197,563
Additions	500
Disposals	(341,409)
Disposal of subsidiaries (Note 42(b))	(243,050)
Transfer from property, plant and equipment (Note 15)	467,498
Transfer to property, plant and equipment (Note 15)	(22,665)
Transfer from right-of-use assets	66,880
Transfer to right-of-use assets	(554)
As at 31 December 2024 and 1 January 2025	2,124,763
Additions	<b>47,061</b>
Disposals	<b>(177,117)</b>
Acquired on acquisition of subsidiaries (Note 42(a))	<b>18,731</b>
Transfer from property, plant and equipment (Note 15)	<b>118,788</b>
Transfer to property, plant and equipment (Note 15)	<b>(104,355)</b>
Transfer from right-of-use assets	<b>6,407</b>
Transfer to right-of-use assets	<b>(1,593)</b>
Reclassified as held for sale (Note 31)	<b>(10,336)</b>
As at 31 December 2025	<b>2,022,349</b>

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 17. INVESTMENT PROPERTIES *(CONTINUED)*

	<i>RMB'000</i>
<b>Depreciation</b>	
As at 1 January 2024	585,360
Charge for the year	59,712
Disposals	(146,477)
Disposal of subsidiaries (Note 42 (b))	(39,810)
Transfer from property, plant and equipment (Note 15)	155,276
Transfer to property, plant and equipment (Note 15)	(3,952)
Transfer from right-of-use assets	21,974
Transfer to right-of-use assets	(127)
As at 31 December 2024 and 1 January 2025	631,956
Charge for the year	<b>35,480</b>
Disposals	<b>(44,045)</b>
Transfer from property, plant and equipment (Note 15)	<b>32,179</b>
Transfer to property, plant and equipment (Note 15)	<b>(16,623)</b>
Transfer from right-of-use assets	<b>2,473</b>
Transfer to right-of-use assets	<b>(645)</b>
Reclassified as held for sale (Note 31)	<b>(3,723)</b>
As at 31 December 2025	<b>637,052</b>
<b>Carrying amount</b>	
As at 31 December 2025	<b>1,385,297</b>
As at 31 December 2024	1,492,807

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 17. INVESTMENT PROPERTIES *(CONTINUED)*

The cost of investment properties is depreciated over their estimated useful lives at an estimated rate of 2.38% (2024: 2.38%) per annum.

The fair value of the Group's investment properties as at 31 December 2025 was approximately RMB2,542.62 million (2024: approximately RMB4,489.14 million). The fair value has been arrived at based on valuations carried out by independent qualified professional valuers not connected with the Group.

The fair value was determined based on either the income capitalisation approach or direct comparison approach within the level 3 fair value hierarchy. For income capitalisation approach, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted, ranging from 3.6% to 9.3% (2024: 5.5% to 8.1%), is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. The higher the capitalisation rate, the lower the fair value. For direct comparison approach, the fair value was estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

At the end of the reporting period, investment properties with carrying amount of approximately RMB946.21 million (2024: approximately RMB830.44 million), were assessed by income capitalisation approach, which categorised under level 3 fair value hierarchy, with fair value of approximately RMB1,719.21 million (2024: approximately RMB3,646.58 million); the remaining investment properties were assessed by direct comparison approach, which were categorised under level 2 fair value hierarchy, with fair value of approximately RMB823.41 million (2024: approximately RMB842.56 million). During the year ended 31 December 2025, the fair value hierarchy of certain investment properties with fair value of RMBnil (2024: approximately RMB2,716.55 million) had been transferred from level 2 to level 3 due to less comparable transactions noted during the year.

The property rental income earned by the Group during the year from its investment properties, all of which are leased out under operating leases, amounted to approximately RMB71.12 million (2024: approximately RMB67.90 million). Direct operating expenses arising on the investment properties amounted to approximately RMB15.37 million (2024: approximately RMB33.48 million).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 18A. GOODWILL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	<b>34,376,630</b>	32,243,664
Arising from acquisition of subsidiaries (Note 42(a))	<b>599,511</b>	2,238,791
Impairment loss recognised*	<b>(3,091,472)</b>	(73,654)
Disposal of subsidiaries (Note 42(b))	<b>(19,851)</b>	–
Deregistration of subsidiaries	<b>(88,367)</b>	(17,356)
Exchange difference	<b>52,823</b>	(14,815)
At 31 December	<b>31,829,274</b>	34,376,630

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cement	<b>23,147,851</b>	25,663,812
Concrete	<b>5,162,838</b>	5,429,797
New materials	<b>2,773,462</b>	2,496,405
Engineering technology services	<b>682,993</b>	727,541
Others	<b>62,130</b>	59,075
	<b>31,829,274</b>	34,376,630

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

\* Details of the impairment assessment and the impairment loss recognised on goodwill are disclosed in Note 18B.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 18B. IMPAIRMENT ASSESSMENT

For the years ended 31 December 2025 and 2024, the management of the Group performed impairment assessments on property, plant and equipment, right-of-use assets, intangible assets and goodwill allocated to certain groups of CGUs. The management of the Group assessed the recoverable amounts of these groups of CGUs (“CGUs group”) with reference to value-in-use calculations determined by the management with the assistance of independent professional valuers not connected with the Group.

The basis of the recoverable amounts of the groups of CGUs and their major underlying assumptions are summarised below:

#### Cement and Concrete

##### CGUs group

The recoverable amounts of the CGUs group of cement and concrete operations have been determined based on the value-in-use calculations. Their recoverable amounts are based on certain similar key assumptions. Both value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rate of 0% to 17% (2024: 5% to 21%), and pre-tax discount rates of 9% to 11% (2024: 9% to 11%). Both sets of cash flows beyond the five-year period are extrapolated using zero growth rate. This growth rate is based on the industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Cash flow projections during the budget period for both cement and concrete are also based on the budgeted sales and expected gross margins during the budget period with consideration of past performance and management’s expectations for the market development.

##### Suspension of production lines of cement and concrete (“Suspension”)

Following a series of the government’s policies on capacity replenishment, some production lines of cement and concrete of cement and concrete of the Group have been suspended during the year ended 31 December 2025 or to be suspended in the near future.

Except for certain assets of the production lines that can be used by other business within the Group, the management assessed the recoverable amounts of the remaining production lines, with assistance from independent professional valuers, by assessing the recoverable amounts of the CGUs to which they belong with reference to the higher of the value in use and the fair value less costs of disposal for these suspended assets from the use or scrap sales.

The key assumptions used in estimating the fair value less costs of disposal of the production lines’ assets that have already been suspended are based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

##### Others

In addition to the impairment assessments performed on the groups of CGUs and suspension of production lines described above, the Group also conducted a review of the Group’s production assets and identified certain assets owned by certain subsidiaries were idle and/or obsolete and that it was expected that these assets would not generate future benefit to the Group.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 18B. IMPAIRMENT ASSESSMENT *(CONTINUED)*

#### Cement and Concrete *(Continued)*

For the years ended 31 December 2025 and 2024, the value in use/fair value less costs of disposal was lower than the carrying amount for certain groups of CGUs assessed for impairment. Accordingly, impairment losses of these groups of CGUs were recognised and allocated to property, plant and equipment, right-of-use assets, intangible assets and goodwill of these groups of CGUs.

Information regarding the Group's impairment losses recognised during the years is presented below:

#### For the year ended 31 December 2025

	CGUs group RMB'000	Suspension RMB'000	Others RMB'000	Total RMB'000
<b>Cement and Concrete</b>				
– Property, plant and equipment	–	2,738,328	55,086	2,793,414
– Right-of-use assets	–	86,949	–	86,949
– Intangible assets	–	45,389	–	45,389
– Goodwill	857,347	2,156,324	–	3,013,671
	<b>857,347</b>	<b>5,026,990</b>	<b>55,086</b>	<b>5,939,423</b>

#### For the year ended 31 December 2024

	CGUs group RMB'000	Suspension RMB'000	Others RMB'000	Total RMB'000
<b>Cement and Concrete</b>				
– Property, plant and equipment	–	–	32,703	32,703

#### New materials

The recoverable amounts of the groups of CGUs of new materials segment have been determined based on the value-in-use calculations. Their value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rates of 0% to 20% (2024: 0% to 14%) and pre-tax discount rates of 9% to 12% (2024: 8% to 12%). Their sets of cash flows beyond the five-year period are extrapolated using zero growth rate. These growth rates are based on the industry growth forecasts and do not exceed the average long-term growth rates for the relevant industry. Cash flow projections during the budget period for these operations are also based on the budgeted sales and expected gross margins during the budget period with consideration of past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each CGU or groups of CGUs to exceed its recoverable amount.

During the year ended 31 December 2025, losses have been incurred by certain CGUs of new materials segment and the recoverable amounts of these CGUs are less than their respective carrying amounts as at the end of the reporting period prior to the recognition of impairment loss for the year. The Group recognised impairment loss of approximately RMB5.28 million (2024: approximately RMB32.20 million) in relation to goodwill allocated to the CGU of new materials segment. Impairment loss on property, plant and equipment of approximately RMB139.02 million (2024: approximately RMB6.85 million) and intangible assets of approximately RMB13.77 million (2024: RMBnil) had been recognised for the year ended 31 December 2025 in respect of those assets respectively.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 18B. IMPAIRMENT ASSESSMENT *(CONTINUED)*

#### Engineering technology services

The recoverable amounts of the groups of CGUs of engineering technology services segment have been determined based on the value-in-use calculations. Their value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rates of 0% to 20% (2024: 0% to 14%) and pre-tax discount rates of 9% to 30% (2024: 10% to 29%). Their sets of cash flows beyond the five-year period are extrapolated using zero growth rate. These growth rates are based on the industry growth forecasts and do not exceed the average long-term growth rates for the relevant industry. Cash flow projections during the budget period for these operations are also based on the budgeted sales and expected gross margins during the budget period with consideration of past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each CGU or groups of CGUs to exceed its recoverable amount.

During the year ended 31 December 2025, losses have been incurred by certain CGUs of engineering technology service segment and the recoverable amounts of these CGUs are less than their respective carrying amounts as at the end of the reporting period prior to the recognition of impairment loss for the year. The Group recognised impairment loss of approximately RMB72.52 million (2024: approximately RMB41.45 million) in relation to goodwill allocated to the CGU of engineering technology service segment. Impairment loss on property, plant and equipment of approximately RMB15.16 million (2024: RMBnil) had been recognised for the year ended 31 December 2025 in respect of those assets.

#### Others

The recoverable amounts of the groups of CGUs of other segment have been determined based on the value-in-use calculations. Their value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with growth rates of 0% (2024: 0%) and pre-tax discount rates of 0% (2024:0%). Their sets of cash flows beyond the five-year period are extrapolated using zero growth rate. These growth rates are based on the industry growth forecasts and do not exceed the average long-term growth rates for the relevant industry. Cash flow projections during the budget period for these operations are also based on the budgeted sales and expected gross margins during the budget period with consideration of past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each CGU or groups of CGUs to exceed its recoverable amount.

During the year ended 31 December 2025, losses have been incurred by certain CGUs of others segment and the recoverable amounts of these CGUs are less than their respective carrying amounts as at the end of the reporting period prior to the recognition of impairment loss for the year. The Group recognised impairment loss of RMBnil (2024: RMBnil) in relation to goodwill allocated to the CGU of others segment. Impairment loss on property, plant and equipment of approximately RMB624.46 million (2024: approximately RMB43.40 million), right-of-use assets of approximately RMB25.19 million (2024: RMBnil) and intangible assets of approximately RMB332.79 million (2024: RMBnil) had been recognised for the year ended 31 December 2025 in respect of those assets respectively.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

## 19. INTANGIBLE ASSETS

	Mining rights <i>RMB'000</i>	Patents and trademarks <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>			
As at 1 January 2024	36,849,662	5,494,932	42,344,594
Additions	3,151,410	573,354	3,724,764
Acquisition of subsidiaries (Note 42(a))	171,682	659,167	830,849
Disposals/written-off	(679,587)	(217,608)	(897,195)
Disposals of a subsidiary (Note 42(b))	(623,426)	–	(623,426)
Exchange difference	(147)	(13,733)	(13,880)
As at 31 December 2024 and 1 January 2025	38,869,594	6,496,112	45,365,706
Additions	<b>3,235,734</b>	<b>1,005,451</b>	<b>4,241,185</b>
Acquisition of subsidiaries (Note 42(a))	<b>45,940</b>	<b>58,722</b>	<b>104,662</b>
Disposals/written-off	<b>(418,649)</b>	<b>(35,028)</b>	<b>(453,677)</b>
Exchange difference	–	<b>14,531</b>	<b>14,531</b>
As at 31 December 2025	<b>41,732,619</b>	<b>7,539,788</b>	<b>49,272,407</b>
<b>Depreciation and impairment</b>			
As at 1 January 2024	9,268,967	3,194,687	12,463,654
Charge for the year	1,832,718	538,743	2,371,461
Disposals/written-off	(445,500)	(53,430)	(498,930)
Disposals of a subsidiary (Note 42(b))	(251,378)	–	(251,378)
Exchange difference	526	(10,441)	(9,915)
As at 31 December 2024 and 1 January 2025	10,405,333	3,669,559	14,074,892
Charge for the year	<b>1,381,557</b>	<b>572,379</b>	<b>1,953,936</b>
Disposals/written-off	<b>(389,576)</b>	<b>(12,913)</b>	<b>(402,489)</b>
Impairment loss recognised*	<b>378,031</b>	<b>13,915</b>	<b>391,946</b>
Exchange difference	–	<b>14,312</b>	<b>14,312</b>
As at 31 December 2025	<b>11,775,345</b>	<b>4,257,252</b>	<b>16,032,597</b>
<b>Carrying amount</b>			
<b>As at 31 December 2025</b>	<b>29,957,274</b>	<b>3,282,536</b>	<b>33,239,810</b>
As at 31 December 2024	28,464,261	2,826,553	31,290,814

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 19. INTANGIBLE ASSETS *(CONTINUED)*

Intangible assets are allocated to the cash-generating units (“CGUs”) that are expected to benefit from the business combination. The carrying amount of intangible assets had been allocated as follows:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Cement	<b>29,937,174</b>	28,051,970
Concrete	<b>242,631</b>	206,222
New materials	<b>1,972,630</b>	1,656,982
Engineering technology services	<b>234,487</b>	203,490
Others	<b>852,888</b>	1,172,150
	<b>33,239,810</b>	31,290,814

Patents and trademarks included above have finite useful lives, over which the assets are amortised. The amortisation rates of patents and trademarks are ranging from 1.67% to 33.33% per annum. Mining rights are amortised over its concession period from 1 to 30 years.

As at 31 December 2025, the Group has pledged intangible assets with carrying amount of approximately RMB6,415.34 million (2024: approximately RMB5,998.37 million) to secure bank and other borrowings granted to the Group.

\* Details of the impairment assessment and the impairment loss recognised on intangible assets are disclosed in Note 18B.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024, which are established and operated in the PRC, are as follows:

Name of subsidiary	Legal status	Nominal value of paid-in capital	Registered capital	Attributable equity interest to the Company				Principal activities
				Direct		Indirect		
				2025 %	2024 %	2025 %	2024 %	
Tianshan Material Co., Ltd. ("Tianshan Materials")	Joint stock company with limited liability company	RMB7,110,491,694 (2024: RMB7,110,491,694)	RMB7,110,491,694 (2024: RMB7,110,491,694)	<b>81.14</b>	81.14	-	-	Production and sale of cement
China United Cement Corporation Limited ("China United Cement")	Limited liability company	RMB10,000,000,000 (2024: RMB8,000,000,000)	RMB10,000,000,000 (2024: RMB8,000,000,000)	-	-	<b>81.14</b>	81.14	Production and sale of cement
South Cement Company Limited ("South Cement")	Limited liability Company	RMB11,013,633,369 (2024: RMB11,013,633,369)	RMB11,013,633,369 (2024: RMB11,013,633,369)	-	-	<b>81.14</b>	81.14	Production and sale of cement
Zhejiang South Cement Company Limited	Limited liability company	RMB4,500,000,000 (2024: RMB4,500,000,000)	RMB4,500,000,000 (2024: RMB4,500,000,000)	-	-	<b>81.14</b>	81.14	Production and sale of cement
Hunan South Cement Company Limited	Limited liability company	RMB5,000,000,000 (2024: RMB5,000,000,000)	RMB5,000,000,000 (2024: RMB5,000,000,000)	-	-	<b>81.14</b>	81.14	Production and sale of cement
South New Materials Technology Company Limited ("South New Materials")	Limited liability company	RMB2,410,000,000 (2024: RMB2,410,000,000)	RMB3,000,000,000 (2024: RMB3,000,000,000)	-	-	<b>64.91</b>	64.91	Production and sale of composite materials
Jiangxi South Cement Company Limited	Limited liability company	RMB3,000,000,000 (2024: RMB3,000,000,000)	RMB3,000,000,000 (2024: RMB3,000,000,000)	-	-	<b>81.14</b>	81.14	Production and sale of cement
North Cement Company Limited	Limited liability company	RMB4,000,000,000 (2024: RMB4,000,000,000)	RMB4,000,000,000 (2024: RMB4,000,000,000)	<b>70.00</b>	70.00	<b>3.73</b>	3.73	Production and sale of cement
South West Cement Company Limited ("Southwest Cement")	Limited liability company	RMB11,672,940,193 (2024: RMB11,672,940,193)	RMB11,672,940,193 (2024: RMB11,672,940,193)	-	-	<b>81.14</b>	81.14	Production and sale of cement

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024, which are established and operated in the PRC, are as follows: *(Continued)*

Name of subsidiary	Legal status	Nominal value of paid-in capital	Registered capital	Attributable equity interest to the Company				Principal activities
				Direct		Indirect		
				2025 %	2024 %	2025 %	2024 %	
Guizhou Tianshan Cement Company Limited (formerly known as Guizhou Southwest Cement Company Limited)	Limited liability company	RMB5,000,000,000 (2024: RMB5,000,000,000)	RMB5,000,000,000 (2024: RMB5,000,000,000)	-	-	81.14	81.14	Production and sale of cement
Yunnan Tianshan Cement Company Limited (formerly known as Yunnan Southwest Cement Company Limited)	Limited liability company	RMB5,000,000,000 (2024: RMB5,000,000,000)	RMB5,000,000,000 (2024: RMB5,000,000,000)	-	-	81.14	81.14	Production and sale of cement
Sinoma Cement Company Limited ("Sinoma Cement") (Note (i))	Limited liability company	RMB10,000,000,000 (2024: RMB4,338,800,000)	RMB1,985,520,000 (2024: RMB10,000,000,000)	-	-	65.20	65.07	Production and sale of cement
Ningxia Building Materials Group Co., Ltd. (Note (ii))	Joint stock company with limited liability	RMB478,181,042 (2024: RMB478,181,042)	RMB478,181,042 (2024: RMB478,181,042)	49.03	49.03	-	-	Production and sale of cement
Beijing New Building Material Public Limited Company ("BNBM") (Note (iii))	Joint stock company with limited liability	RMB1,702,236,042.00 (2024: RMB1,689,507,842)	RMB1,702,236,042.00 (2024: RMB1,689,507,842)	37.54	37.83	-	-	Production and sale of light building materials
Taishan Gypsum Company Limited ("Taishan Gypsum") (Note (iv))	Limited liability company	RMB155,625,000 (2024: RMB155,625,000)	RMB155,625,000 (2024: RMB155,625,000)	-	-	37.54	37.83	Production and sale of light building materials
Sinoma Science & Technology Company Limited ("Sinoma Science & Technology") (Note (v))	Joint stock company with limited liability	RMB1,678,123,584 (2024: RMB1,678,123,584)	RMB1,678,123,584 (2024: RMB1,678,123,584)	60.24	60.24	-	-	Production and sale of composite materials
Taishan Fiberglass Inc. ("CTG")	Limited liability company	RMB4,581,724,537 (2024: RMB4,581,724,537)	RMB4,581,724,537 (2024: RMB4,581,724,537)	-	-	60.24	60.24	Production and sale of fibreglass
China Composites Group Corporation Ltd.	Limited liability company	RMB350,000,000 (2024: RMB350,000,000)	RMB350,000,000 (2024: RMB350,000,000)	100.00	100.00	-	-	Manufacturing
Sinoma Wind Power Blade Company Limited	Limited liability company	RMB754,193,524 (2024: RMB754,193,524)	RMB754,193,524 (2024: RMB754,193,524)	-	-	62.59	62.59	Production and sale of turbine blades

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024, which are established and operated in the PRC, are as follows: *(Continued)*

Name of subsidiary	Legal status	Nominal value of paid-in capital	Registered capital	Attributable equity interest to the Company				Principal activities
				Direct		Indirect		
				2025 %	2024 %	2025 %	2024 %	
Lianyuangang Zhongfu Lianzhong Composite Material Group Company Limited	Limited liability company	RMB2,613,075,349 (2024: RMB2,613,075,349)	RMB2,613,075,349 (2024: RMB2,613,075,349)	-	-	62.59	62.59	Production and sale of composite materials
Sinoma International Engineering Company Limited ("Sinoma International") (Note (vi))	Joint stock company with limited liability	RMB2,642,021,768 (2024: RMB2,642,021,768)	RMB2,642,021,768 (2024: RMB2,642,021,768)	41.28	40.97	-	-	Production and sale of engineering services
Chengdu Design & Research Institute of Building Materials Industry Company Limited (Note (vi))	Limited liability company	RMB150,000,000 (2024: RMB60,000,000)	RMB60,000,000 (2024: RMB60,000,000)	-	-	41.28	40.97	Production and sale of building materials
CNBM Investment Company Limited	Limited liability company	RMB3,000,000,000 (2024: RMB3,000,000,000)	RMB3,000,000,000 (2024: RMB3,000,000,000)	100.00	100.00	-	-	Sale of light building materials
China Building Materials Graphite New Materials Co., Ltd.	Limited liability company	RMB2,000,000,000 (2024: RMB2,000,000,000)	RMB1,000,000,000 (2024: RMB2,000,000,000)	100.00	100.00	-	-	Production and sale of graphite
BNBM Carpoly Coating Group Company Limited ("BNBM Carpoly") (Note (vii))	Limited liability company	RMB390,742,430 (2024: RMB390,742,430)	RMB390,742,430 (2024: RMB390,742,430)	-	-	29.41	29.63	Production and sale of coatings

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024, which are established and operated in the PRC, are as follows:

Notes:

- (i) During the year ended 31 December 2025, part of the shareholdings of Sinoma Cement increased due to the effect of lapse and buyback of certain awarded shares of a non-wholly owned subsidiary. After that the Group's effective equity interests in Sinoma Cement were increased from 65.07% to 65.20%.
- (ii) Ningxia Building Materials is joint stock company listed on the Shanghai Stock Exchange.
- (iii) BNBM is a joint stock company listed on the Shenzhen Stock Exchange. The shareholding was diluted due to the effect of a share award scheme adopted during the year ended 31 December 2025. Details refer to Note 38.
- (iv) Taishan Gypsum is considered to be controlled by the Company because it is indirectly held by another subsidiary of the Company.
- (v) Sinoma Science & Technology is a joint stock company listed on the Shenzhen Stock Exchange.
- (vi) Sinoma International is a joint stock company listed on the Shanghai Stock Exchange. The shareholding increased due to the effect of lapse and buyback of certain awarded shares during the year ended 31 December 2025. Details refer to Note 38.
- (vii) On 29 February 2025, the Group acquired 29.63% equity interests of BNBM Carpoly. Details refer to Note 42(a).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

As at 31 December 2025, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	Total face value of debt securities <i>RMB'000</i>	Maturity date
South Cement	2,800,000	9 April 2026 – 23 November 2026
Southwest Cement	3,600,000	22 April 2026 – 15 July 2029
Sinoma Science & Technology	2,000,000	18 June 2026 – 8 December 2028
Tianshan Materials	4,000,000	24 April 2027 – 5 June 2029
Sinoma International	700,000	22 April 2026 – 5 September 2029
BNBM	1,000,000	16 January 2026

As at 31 December 2024, certain subsidiaries of the Company which had outstanding issued debt securities as follows:

Name	Total face value of debt securities <i>RMB'000</i>	Maturity date
South Cement	4,100,000	29 April 2025 – 23 November 2026
Southwest Cement	3,100,000	22 April 2026 – 15 July 2029
Sinoma Science & Technology	2,400,000	21 March 2025 – 7 August 2027
Tianshan Materials	5,000,000	22 September 2025 – 5 June 2029
Sinoma International	1,700,000	2 November 2025 – 5 September 2029
BNBM	1,000,000	18 April 2025

Summarised financial information in respect of each of the Group's sub-group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

**20. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)****(i) BNBM and its subsidiaries (Non-controlling interests holding %: 62.46% (2024: 62.17%))**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	<b>12,266,797</b>	12,136,563
Non-current assets	<b>23,632,336</b>	22,861,716
Current liabilities	<b>(6,895,621)</b>	(7,636,135)
Non-current liabilities	<b>(709,563)</b>	(642,058)
	<b>28,293,949</b>	26,720,086
Non-controlling interests	<b>18,093,755</b>	17,005,597
Equity attributable to owners of the Company	<b>10,200,194</b>	9,714,489
	<b>28,293,949</b>	26,720,086
Revenue	<b>24,485,463</b>	24,961,391
Expenses	<b>(21,486,806)</b>	(21,235,390)
Profit for the year	<b>2,998,657</b>	3,726,001
Profit attributable to owners of the Company	<b>1,091,055</b>	1,379,639
Profit attributable to the non-controlling interests	<b>1,907,602</b>	2,346,362
Profit for the year	<b>2,998,657</b>	3,726,001
Other comprehensive expense attributable to owners of the Company	<b>(7,215)</b>	(2,214)
Other comprehensive expense attributable to the non-controlling interests	<b>(9,038)</b>	(2,432)
Other comprehensive expense for the year	<b>(16,253)</b>	(4,646)
Total comprehensive income attributable to owners of the Company	<b>1,083,840</b>	1,377,425
Total comprehensive income attributable to the non-controlling interests	<b>1,898,564</b>	2,343,930
Total comprehensive income for the year	<b>2,982,404</b>	3,721,355
Dividends paid to non-controlling interests	<b>961,575</b>	887,656
Net cash inflow from operating activities	<b>4,203,946</b>	5,134,466
Net cash outflow from investing activities	<b>(720,336)</b>	(2,836,082)
Net cash outflow from financing activities	<b>(2,719,280)</b>	(2,136,332)
Net cash inflow	<b>764,330</b>	162,052

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 20. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(CONTINUED)*

#### (ii) Sinoma International and its subsidiaries (Non-controlling interests holding %: 58.72% (2024: 59.03%))

	2025 RMB'000	2024 RMB'000
Current assets	46,837,043	42,977,890
Non-current assets	14,313,963	14,542,873
Current liabilities	(33,805,829)	(32,259,468)
Non-current liabilities	(2,722,279)	(2,516,004)
	<b>24,622,898</b>	22,745,291
Non-controlling interests	15,164,619	14,094,308
Equity attributable to owners of the Company	9,458,279	8,650,983
	<b>24,622,898</b>	22,745,291
Revenue	49,115,086	45,746,167
Expenses	(46,033,263)	(42,523,011)
Profit for the year	3,081,823	3,223,156
Profit attributable to owners of the Company	1,181,492	1,222,185
Profit attributable to the non-controlling interests	1,900,331	2,000,971
Profit for the year	<b>3,081,823</b>	3,223,156
Other comprehensive (expense)/income attributable to owners of the Company	(11,065)	25,920
Other comprehensive (expense)/income attributable to the non-controlling interests	(25,433)	23,274
Other comprehensive (expense)/income for the year	<b>(36,498)</b>	49,194
Total comprehensive income attributable to owners of the Company	1,170,427	1,248,105
Total comprehensive income attributable to the non-controlling interests	1,874,898	2,024,245
Total comprehensive income for the year	<b>3,045,325</b>	3,272,350
Dividends paid to non-controlling interests	796,430	805,922
Net cash inflow from operating activities	1,783,231	2,290,170
Net cash inflow/(outflow) from investing activities	20,035	(1,401,185)
Net cash outflow from financing activities	(1,579,639)	(2,167,601)
Net cash inflow/(outflow)	<b>223,627</b>	(1,278,616)

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

**20. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)****(iii) Tianshan Materials and its subsidiaries (Non-controlling interests holding %: 18.86% (2024: 18.86%))**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	21,734,649	25,908,012
Non-current assets	222,192,351	227,886,815
Current liabilities	(86,784,088)	(81,427,953)
Non-current liabilities	(65,441,171)	(72,666,315)
	<b>91,701,741</b>	99,700,559
Non-controlling interests	30,500,921	32,418,992
Equity attributable to owners of the Company	61,200,820	67,281,567
	<b>91,701,741</b>	99,700,559
Revenue	71,511,852	83,972,892
Expenses	(79,126,656)	(84,623,473)
Loss for the year	(7,614,804)	(650,581)
Loss attributable to owners of the Company	(5,986,095)	(485,539)
Loss attributable to the non-controlling interests	(1,628,709)	(165,042)
Loss for the year	(7,614,804)	(650,581)
Other comprehensive income/(expense) attributable to owners of the Company	7,690	(2,723)
Other comprehensive income attributable to the non-controlling interests	9,806	745
Other comprehensive income/(expense) for the year	17,496	(1,978)
Total comprehensive expense attributable to owners of the Company	(5,978,405)	(488,262)
Total comprehensive expense attributable to the non-controlling interests	(1,618,903)	(164,297)
Total comprehensive expense for the year	(7,597,308)	(652,559)
Dividends paid to non-controlling interests	490,565	685,182
Net cash inflow from operating activities	12,264,144	12,460,375
Net cash outflow from investing activities	(4,813,575)	(8,730,896)
Net cash outflow from financing activities	(10,453,766)	(5,834,204)
Net cash outflow	(3,003,197)	(2,104,725)

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of investments in associates		
– listed in the PRC	<b>4,770,604</b>	3,560,683
– listed in Hong Kong	<b>740,095</b>	740,095
– unlisted	<b>12,327,876</b>	12,237,671
Share of post-acquisition profit, net of dividend received	<b>15,851,850</b>	16,577,225
	<b>33,690,425</b>	33,115,674
Fair value of listed investments (Note)	<b>31,882,004</b>	16,440,496
Share of results of associates	<b>853,468</b>	1,090,929

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

As at 31 December 2025, the cost of investments in associates included goodwill of associates of approximately RMB2,485.14 million (2024: approximately RMB2,168.32 million).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES *(CONTINUED)*

Set out below are the associates of the Group as at 31 December 2025, which in the opinion of the directors are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group:

Name of associate	Principal place of business	Nominal value of registered capital	Voting right/Attributable direct equity interests to the Group		Principal activities
			2025 %	2024 %	
China Jushi (Note (i))	the PRC	RMB4,003,136,728	<b>29.22</b>	26.99	Production of fibreglass
Shandong Quanxing Jingshi Cement Company Limited ("Shandong Quanxing")	the PRC	RMB2,000,000,000	<b>49.00</b>	49.00	Sales and production of cement
Jiangxi Nanfang Wannianqing Cement Company Limited ("Nanfang Wannianqing") (Note (ii))	the PRC	RMB1,000,000,000	<b>50.00</b>	50.00	Production of cement
Gansu Shangfeng (Note (iii))	the PRC	RMB969,395,450	<b>14.50</b>	14.50	Production of cement
China Shanshui Cement Group Limited ("Shanshui Cement") (Note (iv))	the PRC	USD100,000,000	<b>12.94</b>	12.94	Production of cement
CNBM Institute for Glass and New Materials Group Co., Limited ("CNBM Institute")	the PRC	RMB3,715,904,078	<b>45.08</b>	45.08	Provision and sale of engineering services
CCCC Design & Consulting (Note (v))	the PRC	RMB2,294,595,565	<b>9.04</b>	9.04	Provision of infrastructure design and consultation services

Notes:

- (i) China Jushi is a joint stock company listed on the Shanghai Stock Exchange. During the year ended 31 December 2025, the Company has acquired additional equity interest of 2.23% of China Jushi from the public market with a total consideration of approximately RMB990.00 million and an additional goodwill of approximately RMB316.82 million is recognised. The Company's shareholding in Jushi increased from 26.99% to 29.22%.
- (ii) Nanfang Wannianqing was considered as an associate of the Group because South Cement can only nominate 2 out of 5 directors of the Board of Directors. Therefore, the Group only have significant influence but not control in Nanfang Wannianqing.
- (iii) Gansu Shangfeng is a joint stock company listed on the Shenzhen Stock Exchange. Gansu Shangfeng was considered as an associate of the Group because South Cement appoint 1 out of the 6 executive directors to the board of directors of that company.
- (iv) Shanshui Cement is a joint stock company listed on the Hong Kong Stock Exchange. Shanshui Cement was considered as an associate of the Group because China Building Material Holdings Co., Limited has significant influence over Shanshui Cement by entering into significant master agreements on continuing connected transaction with that company.
- (v) CCCC Design & Consulting is a joint stock company listed on the Shanghai Stock Exchange. CCCC Design & Consulting was considered as an associate of the Group because the Company and Gansu Qilianshan Building Materials Holdings Co., Ltd. (a subsidiary of the Company) together appoint 1 out of 6 executive directors to the board of directors of that company.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES *(CONTINUED)*

#### (i) China Jushi

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	<b>13,814,285</b>	13,355,519
Non-current assets	<b>40,812,818</b>	40,022,564
Current liabilities	<b>(13,173,840)</b>	(14,847,303)
Non-current liabilities	<b>(8,902,932)</b>	(7,082,658)
Non-controlling interests	<b>(1,455,761)</b>	(1,407,274)
Revenue	<b>18,880,860</b>	15,855,767
Profit for the year	<b>3,415,303</b>	2,529,421
Other comprehensive (expense)/income for the year	<b>(120,450)</b>	71,232
Total comprehensive income for the year	<b>3,294,853</b>	2,600,653
Dividends received from the associate during the year	<b>479,557</b>	296,928

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Jushi recognised in the consolidated financial statements:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net assets of the associate	<b>32,550,331</b>	31,448,122
Non-controlling interests of the associate	<b>(1,455,761)</b>	(1,407,274)
	<b>31,094,570</b>	30,040,848
Proportion of the Group's ownership interest in China Jushi	<b>29.22%</b>	26.99%
Group's share of net assets of the associate	<b>9,085,833</b>	8,108,025
Goodwill	<b>335,513</b>	18,693
Carrying amount of the Group's interest in China Jushi	<b>9,421,346</b>	8,126,718
Fair value (Note)	<b>20,001,052</b>	12,308,179

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES (CONTINUED)

#### (ii) Shangdong Quan Xing

	2025 RMB'000	2024 RMB'000
Current assets	4,142,792	4,676,352
Non-current assets	4,586,789	4,514,365
Current liabilities	(2,536,384)	(3,581,085)
Non-current liabilities	(1,806,509)	(1,167,662)
Non-controlling interests	(443,689)	(469,368)
Revenue	1,546,347	1,620,091
Loss for the year	(49,537)	(111,982)
Total comprehensive expense for the year	(49,537)	(111,982)
Dividends received from the associate during the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shangdong Quan Xing recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associate	4,386,688	4,441,970
Non-controlling interests of the associate	(443,689)	(469,368)
	3,942,999	3,972,602
Proportion of the Group's ownership interest in Shangdong Quan Xing	49.00%	49.00%
Group's share of net assets of the associate	1,932,070	1,946,575
Carrying amount of the Group's interest in Shangdong Quan Xing	1,932,070	1,946,575

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES *(CONTINUED)*

#### (iii) Nanfang Wannianqing

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	2,355,335	4,270,468
Non-current assets	4,063,702	3,634,417
Current liabilities	(1,092,287)	(1,300,729)
Non-current liabilities	(241,059)	(259,824)
Non-controlling interests	(825,287)	(891,172)
Revenue	3,142,058	3,492,457
(Loss)/profit for the year	(63,344)	110,979
Other comprehensive income for the year	8,868	1,279
Total comprehensive (expense)/income for the year	(54,476)	112,258
Dividends received from the associate during the year	500,000	50,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanfang Wannianqing recognised in the consolidated financial statements:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net assets of the associate	5,085,691	6,344,332
Non-controlling interests of the associate	(825,287)	(891,172)
	4,260,404	5,453,160
Proportion of the Group's ownership interest in Nanfang Wannianqing	50.00%	50.00%
Group's share of net assets of the associate	2,130,202	2,726,580
Carrying amount of the Group's interest in Nanfang Wannianqing	2,130,202	2,726,580

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES (CONTINUED)

#### (iv) CNBM Institute

	2025 RMB'000	2024 RMB'000
Current assets	29,019,774	28,566,098
Non-current assets	17,225,329	17,090,964
Current liabilities	(34,432,868)	(33,223,277)
Non-current liabilities	(5,702,961)	(5,922,837)
Non-controlling interests	(557,879)	(541,455)
Revenue	11,371,709	13,820,866
(Loss)/profit for the year	(405,043)	470,887
Other comprehensive income/(expense) for the year	6,683	(11,879)
Total comprehensive (expense)/income for the year	(398,360)	459,008

Reconciliation of the above summarised financial information to the carrying amount of the interest in CNBM Institute recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associate	6,109,274	6,510,948
Non-controlling interests of the associate	(557,879)	(541,455)
	5,551,395	5,969,493
Proportion of the Group's ownership interest in CNBM Institute	45.08%	45.08%
Group's share of net assets of the associate	2,502,569	2,691,047
Goodwill	937,497	937,497
Carrying amount of the Group's interest in CNBM Institute	3,440,066	3,628,544

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES *(CONTINUED)*

#### (v) Shanshui Cement

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current assets	7,663,329	8,050,237
Non-current assets	21,078,489	22,172,082
Current liabilities	(9,690,639)	(9,253,262)
Non-current liabilities	(2,067,213)	(2,776,851)
Non-controlling interests	199,041	(16,559)
Revenue	11,560,701	14,509,866
Loss for the year	(1,091,076)	(189,041)
Other comprehensive expense for the year	(9,633)	(13,079)
Total comprehensive expense for the year	(1,100,709)	(202,120)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanshui Cement recognised in the consolidated financial statements:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net assets of the associate	16,983,966	18,192,206
Non-controlling interests of the associate	199,041	(16,559)
	17,183,007	18,175,647
Proportion of the Group's ownership interest in Shanshui Cement	12.94%	12.94%
Group's share of net assets of the associate	2,223,481	2,351,929
Carrying amount of the Group's interest in Shanshui Cement	2,223,481	2,351,929
Fair value (Note)	380,357	259,067

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES (CONTINUED)

#### (vi) CCCC Design & Consulting

	2025 RMB'000	2024 RMB'000
Current assets	21,445,780	21,031,094
Non-current assets	9,311,249	9,711,793
Current liabilities	(11,820,727)	(12,207,444)
Non-current liabilities	(2,630,099)	(3,174,807)
Non-controlling interests	(374,702)	(335,980)
Revenue	11,060,024	12,433,828
Profit for the year	1,467,634	1,780,596
Other comprehensive expense for the year	(12,593)	(8,892)
Total comprehensive income for the year	1,455,041	1,771,704
Dividends received from the associate during the year	47,515	76,232

Reconciliation of the above summarised financial information to the carrying amount of the interest in CCCC Design & Consulting recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associate	16,306,203	15,360,636
Non-controlling interests of the associate	(374,702)	(335,980)
	15,931,501	15,024,656
Proportion of the Group's ownership interest in CCCC Design & Consulting	9.04%	9.04%
Group's share of net assets of the associate	1,440,208	1,358,229
Goodwill	563,256	563,256
Fair value adjustment	453,982	473,563
Carrying amount of the Group's interest in CCCC Design & Consulting	2,457,446	2,395,048
Fair value (Note)	1,498,081	1,838,365

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 21. INTERESTS IN ASSOCIATES *(CONTINUED)*

#### (vii) Aggregate information of associates that are not individually material:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The Group's share of results from continuing operations	136,451	72,054
The Group's share of other comprehensive expense	(2,359)	(1,970)
The Group's share of total comprehensive income	134,092	70,084
Aggregate carrying amount of the Group's interests in these associates	12,085,814	11,940,280

### 22. INTERESTS IN JOINT VENTURES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of investments in joint ventures – unlisted	552,553	252,553
Share of post-acquisition losses, net of dividend received	(22,286)	(29,460)
	530,267	223,093
Share of results of joint ventures	6,635	(9,913)

All joint ventures are accounted for using the equity method in the consolidated financial statements.

The financial information and carrying amount in aggregate, of the Group's interests in joint ventures that are not individually material are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The Group's share of results from continuing operations	6,635	(9,913)
The Group's share of other comprehensive income	539	89
The Group's share of total comprehensive income/(expense)	7,174	(9,824)
Aggregate carrying amount of the Group's interests in these joint ventures	530,267	223,093

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss:		
– Equity shares listed outside Hong Kong	2,047,663	2,273,537
– Equity shares listed in Hong Kong	602,480	496,256
– Structured deposits (Note)	4,454,982	7,140,066
– Unlisted equity and fund investments	3,090,040	3,267,865
	<b>10,195,165</b>	13,177,724
	2025 RMB'000	2024 RMB'000
Analysed for reporting purposes:		
Non-current portion	3,692,657	3,754,092
Current portion	6,502,508	9,423,632
	<b>10,195,165</b>	13,177,724

Note: During the years ended 31 December 2025 and 2024, the Group entered into certain investments with certain reputable financial institutions. The investment based on respective contracts have maturity dates within 3 months.

### 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investments	42,906	42,969

The directors of the Company have elected to designate these unlisted equity instruments as financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. No dividends and distribution were received on these investments during the year (2024: RMBnil).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 25. DEPOSITS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Investment deposits for acquisition of entities	125,441	151,799
Deposits paid to acquire property, plant and equipment	853,880	1,270,468
Deposits paid to acquire intangible assets	1,015,625	923,404
Deposits paid to acquire right-of-use assets	182,862	231,359
	<b>2,177,808</b>	2,577,030

### 26. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	6,420,685	6,321,093
Work-in-progress	3,823,740	3,633,809
Finished goods	7,578,490	6,833,283
Consumables	231,057	163,109
	<b>18,053,972</b>	16,951,294

### 27. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables, net of allowance for credit losses (Note (a))	46,669,054	47,530,229
Bills receivable (Note (c))	12,978,294	11,671,177
Contract assets (Note 29(a))	9,943,462	8,764,769
Other receivables and deposits	15,195,189	15,531,695
Prepayments	8,149,109	7,299,753
	<b>92,935,108</b>	90,797,623
Analysed for reporting purposes:		
Non-current portion	2,436,008	3,205,042
Current portion	90,499,100	87,592,581
	<b>92,935,108</b>	90,797,623

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 27. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Notes:

- (a) The Group normally allowed an average of credit period of 60-180 days to its trade customers, except for customers of engineering technology services segment, the credit periods are normally ranging from 1 to 2 years.

The ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within two months	9,619,765	6,519,099
More than two months but within one year	18,645,524	21,822,297
Between one and two years	9,400,382	11,534,849
Between two and three years	4,750,883	4,631,271
Over three years	4,252,500	3,022,713
	<b>46,669,054</b>	47,530,229

- (b) As at 1 January 2024, trade receivables from contracts with customers amounted to approximately RMB49,221.95 million.

- (c) The bills receivable are aged within six months.

- (d) Carrying amounts of trade and other receivables were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	87,937,807	85,677,165
EUR	1,447,159	1,870,162
USD	2,556,610	2,042,972
Others	993,532	1,207,324
	<b>92,935,108</b>	90,797,623

- (e) As at 31 December 2025, bills receivable of approximately RMB397.10 million (2024: approximately RMB81.55 million) are pledged to secure bank and other borrowings granted to the Group.

Details of impairment assessment of trade and other receivables are set out in Note 5.1(b).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 28. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	2025 RMB'000	2024 RMB'000
<b>Amounts due from related parties</b>		
Trading in nature:		
– Fellow subsidiaries*	602,846	1,102,035
– Associates	468,704	338,744
– Joint ventures	373	169,179
– Immediate holding company	1,543	506
– Non-controlling interests of subsidiaries	59,860	94,133
	<b>1,133,326</b>	1,704,597
Non-trading in nature:		
– Fellow subsidiaries*	1,067,030	803,866
– Associates	83,703	116,944
– Joint ventures	–	24,165
– Immediate holding company	511	1,280
– Non-controlling interests of subsidiaries	56,339	76,779
	<b>1,207,583</b>	1,023,034
	<b>2,340,909</b>	2,727,631
<b>Amounts due to related parties</b>		
Trading in nature:		
– Fellow subsidiaries*	1,978,755	1,891,101
– Associates	359,286	168,946
– Joint ventures	10,401	66,725
– Immediate holding company	28,556	7,974
– Non-controlling interests of subsidiaries	66,082	38,365
	<b>2,443,080</b>	2,173,111
Non-trading in nature:		
– Fellow subsidiaries*	2,263,440	2,379,136
– Associates	6,350	7,942
– Joint ventures	–	260
– Immediate holding company	625,494	945,548
– Non-controlling interests of subsidiaries	659,082	308,780
	<b>3,554,366</b>	3,641,666
	<b>5,997,446</b>	5,814,777

\* Where an entity qualifies as both an associate and a fellow subsidiary of the Group, it is treated as a fellow subsidiary for disclosure purposes.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 28. AMOUNTS DUE FROM/(TO) RELATED PARTIES *(CONTINUED)*

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

As at 31 December 2025, amounts due from related parties of approximately RMB787.30 million carrying the fixed interest rate of 3.00% to 5.00% per annum (2024: approximately RMB511.56 million carrying the fixed interest rate of 4.30% to 5.00% per annum). The remaining balances of amounts due from related parties are interest-free.

As at 31 December 2025, amounts due to related parties of approximately RMB1,887.68 million and RMB399.51 million (2024: approximately RMB641.94 million and RMB441.31 million) carry the fixed interest rate of 2.07% to 2.92% (2024: 2.92% to 3.08%) per annum and variable interest rate of 4.75% to 5.00% (2024: 2.76% to 4.75%) per annum respectively. The remaining balances of amounts due to related parties are interest-free.

### 29. CONTRACT ASSETS AND CONTRACT LIABILITIES

#### (a) Contract assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Arising from performance under engineering technology services contracts, included in trade and other receivables (Note 27)	<b>9,533,772</b>	8,363,835
Retention receivables, included in trade and other receivables (Note 27)	<b>409,690</b>	400,934
	<b>9,943,462</b>	8,764,769

As at 1 January 2024, contract assets amounted to approximately RMB5,470.43 million.

During the year ended 31 December 2025, the Group billed approximately RMB5,083.26 million (2024: approximately RMB3,006.24 million) contract assets brought forward from last year.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **29. CONTRACT ASSETS AND CONTRACT LIABILITIES *(CONTINUED)***

#### **(a) Contract assets *(Continued)***

As at 31 December 2025, there were significant amount of contract assets arising from completion of engineering technology services contracts but have not completed formal settlement and acceptance of services.

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

Typical payment terms which impact on the amount of contract assets recognised in respect of project contract work are as follows:

The Group's engineering technology services contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 30% of total contract sum as part of its credit risk management policies.

The Group also typically agrees to a retention period ranging from 1 to 5 years for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 29. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

#### (b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Receipt in advance of performance from engineering technology services contracts	4,229,779	3,678,339
Advance from customers	6,956,866	6,918,800
	<b>11,186,645</b>	10,597,139

Typical payment terms which impact on the amount of contract liabilities recognised in respect of project contract work are as follows:

When the Group receives a deposit before the project contract work commences, this will give rise to contract liabilities at the start of a project contract, until the revenue recognised on the project exceeds the amount of the deposit. It is common practice on the Group's project contracts to require a deposit before work commences. Movements in contract liabilities:

	RMB'000
At 1 January 2024	10,032,975
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	(8,989,326)
Increase in contract liabilities as a result of receipt in advance of project contract work and advance from customers	9,553,490
At 31 December 2024 and 1 January 2025	10,597,139
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	<b>(8,410,523)</b>
Increase in contract liabilities as a result of receipt in advance of project contract work and advance from customers	<b>9,000,029</b>
At 31 December 2025	<b>11,186,645</b>

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB50,620.94 million (2024: approximately RMB78,727.26 million). This amount represents revenue expected to be recognised in the future from engineering technology services contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the engineering technology services are completed, which is expected to occur within 3 years.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 30. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

Cash and cash equivalents/pledged bank deposits denominated in non-functional currencies of the relevant group entities are as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
USD	<b>2,264,876</b>	2,029,712
HKD	<b>122,081</b>	142,504
EUR	<b>643,935</b>	831,910
IDR	<b>89,264</b>	110,532
NGN	<b>283,568</b>	146,299
XOF	<b>47,849</b>	38,758
RUB	<b>32,301</b>	42,510
EGP	<b>65,274</b>	85,827
ZAR	<b>185,658</b>	122,636
INR	<b>139,856</b>	294,405
AED	<b>80,668</b>	168,733
ETB	<b>20,097</b>	63,165
DZD	<b>42,716</b>	46,199
Others	<b>1,099,528</b>	692,784
	<b>5,117,671</b>	4,815,974

As at 31 December 2025, the Group pledged approximately RMB3,188.48 million (2024: approximately RMB3,809.31 million), which is denominated in RMB, to secure the bank and other borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank and other borrowings.

Bank balances and pledged bank deposits carry interest at market rates which range from 0.03% to 11.00% (2024: range from 0.03% to 11.00%) per annum.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 31. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2025, certain subsidiaries of the Group entered into agreements with certain independent third parties to dispose some of its assets, the transactions were not completed at the end of the reporting period and therefore reclassified as assets held for sale. The transactions are expected to be completed within twelve months and these assets are presented separately in the consolidated statement of financial position (see below). The agreed net proceeds of disposal exceeded the net carrying amount of the relevant assets and accordingly, no impairment loss has been recognised.

The major classes of assets classified as held for sale as at 31 December 2025 are as follows:

	<b>Engineering technology services segment RMB'000</b>	<b>Others segment RMB'000</b>	<b>Total RMB'000</b>
Property, plant and equipment (Note 15)	40,476	–	40,476
Investment properties (Note 17)	–	6,613	6,613
Right-of-use assets	2,664	–	2,664
	<b>43,140</b>	<b>6,613</b>	<b>49,753</b>

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 32. TRADE AND OTHER PAYABLES AND DEFERRED INCOME

#### (a) Trade and other payables

The ageing analysis of trade and other payables, based on invoice date, is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Within two months	<b>14,485,438</b>	19,035,700
More than two months but within one year	<b>20,475,091</b>	18,937,280
Between one and two years	<b>5,202,905</b>	4,257,376
Between two and three years	<b>1,841,271</b>	2,211,528
Over three years	<b>2,725,472</b>	1,918,460
Trade payables	<b>44,730,177</b>	46,360,344
Bills payable	<b>16,063,208</b>	13,181,420
Contract liabilities (Note 29(b))	<b>11,186,645</b>	10,597,139
Other payables	<b>21,622,916</b>	21,240,934
	<b>93,602,946</b>	91,379,837

The credit period on purchase of goods and services provided from supplier is 30 to 365 days. Bills payable are aged within six months.

#### (b) Deferred income

Deferred income mainly represents the PRC local government grants received from relevant PRC authorities for fixed asset investments and research and development expenses, such as re-location compensation, cement and clinker plants, residual heat generation plants and new materials research and development. The subsidies are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective property, plant and equipment. There are no unfulfilled conditions and contingencies relating to the grants.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 33. BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank borrowings	<b>156,134,026</b>	150,972,542
Bonds	<b>35,500,800</b>	40,500,000
Borrowings from other financial institutions	<b>1,409,322</b>	438,000
	<b>193,044,148</b>	191,910,542
Secured	<b>11,130,869</b>	4,549,237
Unsecured	<b>181,913,279</b>	187,361,305
	<b>193,044,148</b>	191,910,542
Analysed for reporting purposes:		
– Non-current portion	<b>102,417,559</b>	109,781,897
– Current portion	<b>90,626,589</b>	82,128,645
	<b>193,044,148</b>	191,910,542

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 33. BORROWINGS *(CONTINUED)*

The exposure of the fixed rate and variable rate bank and other borrowings and bonds and the contractual maturity dates are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Fixed rate bank borrowings repayable:		
Within one year	35,659,838	30,937,248
Between one and two years	8,607,544	11,339,152
Between two and three years	6,599,543	7,254,921
Between three and four years	670,067	220,894
Between four and five years	79,034	837,977
More than five years	1,929,367	379,800
	<b>53,545,393</b>	50,969,992
Variable rate bank borrowings repayable:		
Within one year	41,317,815	35,470,716
Between one and two years	19,198,685	20,346,292
Between two and three years	16,699,948	18,043,093
Between three and four years	9,054,951	7,807,338
Between four and five years	4,095,984	7,271,206
More than five years	12,221,250	11,063,905
	<b>102,588,633</b>	100,002,550
Bonds and other borrowings repayable:		
Within one year	13,648,936	15,720,681
Between one and two years	9,146,409	3,524,181
Between two and three years	3,539,777	7,696,496
Between three and four years	6,550,000	6,500,000
Between four and five years	4,025,000	7,496,642
	<b>36,910,122</b>	40,938,000
	<b>193,044,148</b>	191,910,542

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 33. BORROWINGS *(CONTINUED)*

As at 31 December 2025, borrowings of approximately RMB13,146.54 million (2024: approximately RMB8,092.00 million) are provided by China Building Materials Group Finance Co., Ltd., an associate of the Group, carrying interest rates ranging from 2.00% to 3.45% (2024: 2.00% to 3.45%) per annum.

As at 31 December 2025, the Group's variable rate bank borrowings of approximately RMB102,431.47 million and RMB153.55 million (2024: approximately RMB98,580.52 million and RMB990.82 million) are carrying interest with reference to PRC loan prime rate and HIBOR respectively.

	2025 RMB'000	2024 RMB'000
Effective interest rate per annum:		
Fixed rate borrowings	1.00%-10.65%	1.00%-11.00%
Variable rate borrowings	1.00%-8.00%	1.85%-8.00%

As at 31 December 2025, bank borrowings of approximately RMB510.00 million (2024: approximately RMB907.79 million) were guaranteed by independent third parties.

As at 31 December 2025, certain bank borrowings are denominated in foreign currencies, including HKD, EUR and USD of approximately RMB966.45 million, RMB235.87 million and RMB152.35 million, respectively (2024: approximately RMB990.82 million, RMB427.43 million and RMB550.13 million, respectively).

The bank and other borrowings of approximately RMB11,130.87 million (2024: approximately RMB4,549.24 million) are secured by the following assets of the Group:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment (Note 15)	3,081,421	2,755,572
Right-of-use assets (Note 16)	152,866	90,401
Intangible assets (Note 19)	6,415,337	5,998,369
Pledged bank deposits (Note 30)	3,188,476	3,809,312
Bills receivable (Note 27)	397,098	81,553
	<b>13,235,198</b>	12,735,207

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 181 to 365 days after loans granted by the banks with interest rates ranging from 2.40% to 2.95% 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.

As at 31 December 2025, the carrying amount of the financial liabilities presented as part of "bank borrowings" that are subject to supplier finance arrangements, of which suppliers have already received payment from the finance provider, is approximately RMB3,106.27 million (2024: approximately RMB3,908.49 million), with range of payment due dates of 181 to 365 days.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 34. DEFERRED INCOME TAX

The followings are the major deferred income tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Fair value adjustments on properties RMB'000	Fair value adjustments on intangible assets RMB'000	Fair value adjustments on prepaid lease payments RMB'000	Write-down of inventories and trade and other receivables RMB'000	Impairment for properties RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	(907,658)	(938,926)	(95,174)	1,857,882	2,681,274	2,091,036	455,644	5,144,078
Arising from acquisition of subsidiaries (Note 42(a))	(230,514)	-	(26,762)	47,007	116	-	4,403	(205,750)
Disposal of a subsidiary (Note 42(b))	-	-	-	(264)	-	-	(50)	(314)
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	80,958	54,915	-	(68,491)	7,017	382,250	(260,151)	196,498
Credit to the consolidated other comprehensive income (Note 12(b))	-	-	-	-	-	-	(2,918)	(2,918)
Exchange realignment	526	-	-	(960)	-	(4,403)	(1,567)	(6,404)
As at 31 December 2024 and 1 January 2025	(1,056,688)	(884,011)	(121,936)	1,835,174	2,688,407	2,468,883	195,361	5,125,190
Arising from acquisition of subsidiaries (Note 42(a))	<b>(56,751)</b>	<b>(10,975)</b>	<b>(23,083)</b>	<b>3,818</b>	-	-	<b>1,356</b>	<b>(85,635)</b>
Credit/(charge) to the consolidated statement of profit or loss (Note 12(a))	<b>50,477</b>	<b>(16,672)</b>	-	<b>173,147</b>	<b>87,855</b>	<b>145,973</b>	<b>300,741</b>	<b>741,521</b>
Exchange realignment	<b>62</b>	<b>(1,301)</b>	-	<b>907</b>	<b>2,319</b>	<b>(17,907)</b>	<b>1,869</b>	<b>(14,051)</b>
As at 31 December 2025	<b>(1,062,900)</b>	<b>(912,959)</b>	<b>(145,019)</b>	<b>2,013,046</b>	<b>2,778,581</b>	<b>2,596,949</b>	<b>499,327</b>	<b>5,767,025</b>

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 34. DEFERRED INCOME TAX (CONTINUED)

	2025 RMB'000	2024 RMB'000
For presentation purpose:		
Deferred income tax assets	9,283,654	8,603,357
Deferred income tax liabilities	(3,516,629)	(3,478,167)
	<b>5,767,025</b>	5,125,190

The Group has unused tax losses that were not recognised as deferred income tax assets due to the unpredictability of future profits streams. The unused tax losses can be carried forward for five years from the year of the incurrence and an analysis of their expiry dates are as follows:

	2025 RMB'000	2024 RMB'000
Unused tax losses expiring:		
In 2025	–	1,920,566
In 2026	1,768,596	2,557,489
In 2027	5,516,473	6,118,938
In 2028	6,782,300	7,383,362
In 2029	8,795,319	8,768,403
In 2030 or after	9,057,477	–
	<b>31,920,165</b>	26,748,758

### 35. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	396,976	418,137
More than one year but less than two years	300,621	305,599
More than two years but less than five years	566,370	660,704
More than five years	1,067,287	1,181,864
	<b>2,331,254</b>	2,566,304
Less: Amount due for settlement within 12 months shown under current liabilities	(396,976)	(418,137)
Amount due for settlement after 12 months shown under non-current liabilities	<b>1,934,278</b>	2,148,167

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### 36. EMPLOYEE BENEFITS PAYABLE

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

The plan is administrated by the Group and contributed from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. Under the plan, the employees are entitled to retirement benefits varying between 45% and 85% of final salary on attainment of a retirement age of 45-63.

The defined benefit plan exposes the Group to actuarial risks, such as interest rate risk, longevity risk and salary risk.

Interest rate risk      A decrease in the bond interest rate will increase the plan liability

Longevity risk          The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk              The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation report of the present value of the defined benefit obligation as at 31 December 2025 was issued by Mr. Liang Yonghua, partner of Ernst & Young (China) Advisory Limited and a fellow of the Society of Actuaries and Ms. Miao Jiacui, director of Ernst & Young (China) Advisory Limited and a fellow of Society of Actuaries.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 36. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The actuarial valuation report of the present value of the defined benefit obligation as at 31 December 2024 was issued by Mr. Liang Yonghua, partner of Ernst & Young (China) Advisory Limited and a fellow of the Society of Actuaries and Mr. Huang Renjie, director of Ernst & Young (China) Advisory Limited and a fellow of Institute and Faculty of Actuaries. The present value of the defined benefit obligation, related past service cost were measured using the Projected Unit Credit Cost method.

The principal assumptions used for the purposes of the significant actuarial valuation were as follows:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Discount rate	<b>From 1.40% to 2.35%</b>	From 1.20% to 1.95%
Benefit increase rates	<b>From 1% to 10%</b>	From 1% to 10%
Mortality for current early retiree		
– Male	<b>0.14%</b>	0.14%
– Female	<b>0.06%</b>	0.06%
Mortality for current retiree		
– Male	<b>0.47%</b>	0.47%
– Female	<b>0.15%</b>	0.15%

The assumptions on mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

The actuarial valuation showed that the market value of plan assets was RMBnil (2024: RMBnil) and that the actuarial value of these assets represented 0% (2024: 0%) of the benefits that had accrued to members.

For Tianshan Materials and Sinoma International operates in Germany and Tunisia, two other defined benefit schemes are maintained for employees whose benefits relating to salary and years of service are closed to future accruals.

The actuarial valuation for Tianshan Materials operates in Tunisia was performed by an external actuary registered with the Tunisian Federation of Insurance Companies (“FTUSA”), a national insurance industry body in Tunisia. FTUSA is not a member association of the International Actuarial Association, using the projected unit credit method. Management considers the actuary to have appropriate professional competence and relevant experience in performing actuarial valuations under local market practice.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 36. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The independent annual actuarial reports for Sinoma International operates in Germany, the valuation was performed by Dominik Hagedorn, a fellow of the German Association of Actuaries, using projected unit credit method.

The Company has assessed the reasonableness of the actuarial assumptions and results, and believes that the valuation provides a reasonable estimate of the defined benefit obligation as at the reporting date.

Amounts recognised in profit or loss or other comprehensive income in respect of the defined benefit plan are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Service cost:		
– Current service cost	<b>3,623</b>	5,160
– Past service cost and loss from settlements	<b>199</b>	1,396
Net interest expenses	<b>8,476</b>	8,848
Components of defined benefit cost recognised in profit or loss	<b>12,298</b>	15,404
Remeasurement of net defined benefit liabilities:		
Actuarial (gains)/losses recognised for the year	<b>(16,006)</b>	32,829
Components of defined benefit cost recognised in other comprehensive (income)/expenses	<b>(16,006)</b>	32,829
Total	<b>(3,708)</b>	48,233

The net interest expenses of approximately RMB8.48 million (2024: approximately RMB8.85 million) are included in administrative expenses in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 36. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)*

The movements of employee benefit payable are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
As at 1 January	<b>355,003</b>	332,331
Interest expense	<b>8,476</b>	8,848
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	<b>3,623</b>	5,160
– Actuarial (gains)/losses recognised for the year	<b>(16,006)</b>	32,829
– Past service cost, including losses on curtailments	<b>199</b>	1,396
Benefits paid	<b>(25,219)</b>	(25,561)
Acquisition of subsidiaries (Note 42(a))	<b>18,229</b>	–
As at 31 December	<b>344,305</b>	355,003
Analysed for reporting purposes:		
Non-current portion	<b>321,851</b>	329,186
Current portion	<b>22,454</b>	25,817
	<b>344,305</b>	355,003

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **36. EMPLOYEE BENEFITS PAYABLE *(CONTINUED)***

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes other respective assumptions occurring at the end other reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by approximately RMB23.69 million (increase by approximately RMB23.69 million) (2024: decrease by approximately RMB27.58 million (increase by approximately RMB27.58 million)).
- If the benefits increase rates increase (decrease) by 0.5%, the defined benefit obligation would increase by approximately RMB23.92 million (decrease by approximately RMB23.92 million) (2024: increase by approximately RMB27.97 million (decrease by approximately RMB27.97 million)).
- If the mortality changes to 95% of original assumption, the defined benefit obligation would increase by approximately RMB6.30 million (2024: increase by approximately RMB7.33 million).

The sensitivity analysis presented above may not be representative other actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The weighted average duration of the defined benefit obligation is 21.4 years (2024: 21.7 years).

The Group expects to make a contribution of approximately RMB22.45 million (2024: approximately RMB25.82 million) to the defined benefit plan during the next financial year.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 37. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
<b>Derivative financial assets</b>		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	1,076	69
Derivatives that are designated and effective as hedging instruments carried at fair value:		
– Interest rate swaps	–	1,379
	<b>1,076</b>	<b>1,448</b>
<b>Derivative financial liabilities</b>		
Held for trading derivatives that are not designated in hedge accounting relationships:		
– Foreign currency forward contracts	–	4,689

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 37. DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

Major terms of the foreign currency forward contracts are as follows:

#### 31 December 2025

Notional amounts	Maturities	Exchange rates
Sell USD35,000,000	20 March 2026	RMB7.004: USD1
Sell USD28,000,000	20 March 2026	RMB7.003: USD1
Sell USD5,000,000	24 March 2026	RMB7.057: USD1
Sell USD5,000,000	13 April 2026	RMB7.008: USD1

#### 31 December 2024

Notional amounts	Maturities	Exchange rates
Sell USD5,751,000	8 April 2025	EUR1.046: USD1
Sell USD10,000,000	20 June 2025	RMB7.130: USD1
Sell USD9,000,000	22 July 2025	RMB7.090: USD1
Sell USD8,000,000	20 May 2025	RMB7.150: USD1

Major terms of interest rate swaps are as follow:

#### 31 December 2024

Notional amounts	Maturities	Floating interest rate	Fixed interest rates
EUR107,000,000	20 February 2025	From Euribor	to 0.43%

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 38. SHARE-BASED PAYMENT TRANSACTIONS

#### Equity-settled share award scheme of subsidiaries of the Company

During the year ended 31 December 2025, the Group recognised total share award expense of approximately RMB49.77 million (2024: approximately RMB44.53 million) and reversal of share award expenses of approximately RMB40.49 million (2024: approximately RMB0.89 million) due to lapse of certain Sinoma International Awarded Shares during the vesting period.

#### BNBM

On 27 June 2025, BNBM's share award scheme (the "BNBM Share Award Scheme") was adopted pursuant to a resolution passed on 3 June 2025 for the primary purpose of providing incentives to eligible directors of BNBM and eligible employees of BNBM (the "BNBM Awardees"). Under the BNBM Share Award Scheme, 10,882,500 shares of BNBM ("BNBM Tranche 1 Shares") were granted to the Awardees and the board of directors of BNBM have right to further grant 1,845,700 shares of BNBM to eligible employees. The BNBM Awardees are required to pay RMB17.335 per BNBM Tranche 1 Shares at the date of grant. The closing price of BNBM's shares immediately before 27 June 2025, the date of grant, were RMB26.55 per share. The registration of BNBM Tranche 1 Shares was completed on 8 September 2025.

On 15 September 2025, under the BNBM Share Award Scheme, 1,845,700 shares of BNBM ("BNBM Tranche 2 Shares") were further granted to the BNBM Awardees. The BNBM Awardees are required to pay RMB15.75 per BNBM Tranche 2 Shares at the date of grant. The closing price of BNBM's shares immediately before 15 September 2025, the date of grant, was RMB25.28 per share. The registration of BNBM Tranche 2 Shares was completed on 10 November 2025.

Trade restrictions are imposed BNBM Tranche 1 Shares and BNBM Tranche 2 Shares (collectively referred to as the "BNBM Awarded Shares"). Such restrictions will be released on the vesting date, provided that the BNBM Awardees remained as employees of BNBM on the vesting date and have fulfilled certain conditions under the BNBM Share Award Scheme. During the vesting period, the cash dividends distributed by BNBM to BNBM Awardees are non-revocable.

The movement of BNBM Award Shares is presented as below:

	Date of grant	Restricted period	BNBM Awarded Shares under restriction at 1 January 2025 '000	Granted during the year '000	Lapsed during the year '000	BNBM Awarded Shares under restriction at 31 December 2025 '000
BNBM Tranche 1 Shares	27 June 2025	8 September 2025 to 6 September 2029	-	10,882	(3,700)	7,182
BNBM Tranche 2 Shares	15 September 2025	10 November 2025 to 8 November 2029	-	1,846	(628)	1,218
			-	12,728	(4,328)	8,400

The BNBM Awarded Shares outstanding at 31 December 2025 had a weighted average remaining contractual life of 3.21 years (2024: nil).

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 38. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

#### Equity-settled share award scheme of subsidiaries of the Company *(Continued)*

##### **BNBM** *(Continued)*

The fair value of the BNBM Awarded Shares were based on the closing price per share of BNBM at the date of grant. No other feature of the BNBM Awarded Shares were incorporated into the measurement of the fair values.

The management considered the BNBM Awardees share the risks and rewards of ownership on a pari passu basis with ordinary shareholders. Therefore, the Group's shareholding of BNBM has been diluted on the date of grant of BNBM Awarded Shares. As a result, the Group recognised an increase in non-controlling interests of approximately RMB76.77 million and a decrease in capital reserve of approximately RMB76.77 million.

##### **Sinoma International**

On 11 April 2022, Sinoma International's share award scheme (the "Sinoma International Share Award Scheme") was adopted pursuant to a resolution passed on 24 March 2022 for the primary purpose of providing incentives to eligible directors of Sinoma International and eligible employees of Sinoma International (the "Sinoma International Awardees"). Under the Sinoma International Share Award Scheme, 46,549,115 shares of Sinoma International (collectively referred to as the "Sinoma International 2022 Awarded Shares") were granted to the Awardees and the board of director of Sinoma International have right to further grant 10,000,000 shares of Sinoma International to eligible employees within 12 months from the resolution passed. The Sinoma International Awardees are required to pay RMB5.97 per Sinoma International 2022 Awarded Share at the date of grant. The closing price of Sinoma International's shares immediately before 11 April 2022, the date of grant, was RMB9.41 per share.

On 10 April 2023, under the Sinoma International Share Award Scheme, 9,807,253 shares of Sinoma International (collectively referred to as the "Sinoma International 2023 Awarded Shares") were further granted to the Sinoma International Awardees. The Sinoma International Awardees are required to pay RMB5.74 per Sinoma International 2023 Awarded Share at the date of grant. The closing price of Sinoma International's shares immediately before 10 April 2023, the date of grant, was RMB9.48 per share.

Trade restrictions are imposed on the Sinoma International 2022 Awarded Shares and the Sinoma International 2023 Awarded Shares (collectively referred to as the "Sinoma International Awarded Shares"). Such restrictions will be released on the vesting date, provided that the Sinoma International Awardees remained as employees of Sinoma International on the vesting date and have fulfilled certain conditions under the Sinoma International Share Award Scheme. During the vesting period, the cash dividends distributed by Sinoma International to Sinoma International Awardees are non-revocable.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 38. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

#### Equity-settled share award scheme of subsidiaries of the Company *(Continued)*

##### Sinoma International *(Continued)*

The movement of Sinoma International Awarded Shares is presented as below:

	Date of grant	Restricted period	Awarded Shares	Lapsed and	Released	Awarded Shares	Lapsed and	Released	Awarded Shares
			under restriction at 1 January 2024	repurchased during the year	during the year	under restriction at 31 December 2024 and 1 January 2025	repurchased during the year	during the year	under restriction at 31 December 2025
			'000	'000	'000	'000	'000	'000	'000
2022 Awarded Shares	11 April 2022	11 April 2022 to 10 April 2026	46,549	(15,066)	(296)	31,187	(17,024)	(13,297)	866
2023 Awarded Shares	10 April 2023	10 April 2023 to 9 April 2027	9,807	-	-	9,807	(3,178)	(3,236)	3,393
			56,356	(15,066)	(296)	40,994	(20,202)	(16,533)	4,259

The share award outstanding at 31 December 2025 had a weighted average remaining contractual life of 0.17 years (2024: 0.65 years).

The fair value of the Sinoma International Awarded Shares were based on the closing price per share of Sinoma International at the date of grant. No other feature of the Sinoma International Awarded Shares were incorporated into the measurement of the fair values.

The management considered the Sinoma International Awardees share the risks and rewards of ownership on a pari passu basis with ordinary shareholders. Therefore, the Group's shareholding of Sinoma International has been diluted on the date of grant of the Sinoma International Awarded Shares.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 39. SHARE CAPITAL

	Domestic share (Note (a))		H Shares (Note (b))		Total capital RMB'000
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000	
Registered and paid up shares of RMB1.0 each					
As at 1 January 2024, 31 December 2024 and 1 January 2025	<b>3,876,624,162</b>	<b>3,876,624</b>	<b>4,558,146,500</b>	<b>4,558,147</b>	<b>8,434,771</b>
Shares repurchased and cancelled (Note (d))	-	-	<b>(841,749,304)</b>	<b>(841,750)</b>	<b>(841,750)</b>
As at 31 December 2025	<b>3,876,624,162</b>	<b>3,876,624</b>	<b>3,716,397,196</b>	<b>3,716,397</b>	<b>7,593,021</b>

Notes:

- (a) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.
- (b) H shares are ordinary shares listed in the Hong Kong Stock Exchange subscribed for, traded in and credited as fully paid up in HKD by persons other than PRC government and/or PRC incorporated entities only.
- (c) Unlisted Foreign Shares are non-overseas listed ordinary shares subscribed for and credited as fully paid up in foreign currency by persons other than PRC government and/or PRC incorporated entities only.
- (d) On 12 March 2025, the Company has completed the repurchase and cancellation of the Company's own ordinary shares listed on the Hong Kong Stock Exchange. 841,749,304 H shares were repurchased with aggregate consideration of approximately HK\$3,392.25 million (equivalent to approximately RMB3,187.54 million) and transaction costs of approximately RMB24.47 million. No subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the year.

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

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 40. RESERVES

#### (a) Capital reserve

Capital reserve mainly comprised: (i) the excess/deficiency of the carrying amount of net assets over the purchase consideration for subsidiaries acquired under common control, and (ii) the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisitions of further interests in subsidiaries or disposal of part interests in subsidiaries, respectively.

#### (b) Statutory surplus reserve

According to relevant laws and regulations of the PRC, the Company and its subsidiaries established in the PRC are required to make an appropriation at the rate of 10 percent of the profit after income tax of the respective company, prepared in accordance with PRC accounting standards, to the statutory surplus reserve fund until the balance has reached 50 percent of the registered capital of the respective company. Upon approval from the authorities, the statutory surplus reserve fund can be used to offset accumulated losses or to increase share capital, when it is utilised to increase share capital, the remaining balance of the statutory surplus reserve cannot fall below 25 percent of the share capital.

#### (c) Share-based payments reserve

The share-based payments reserve represents the fair value of restricted shares granted which are yet to be vested, as further explained in the accounting policies as set out in Note 3.14. The amount will be transferred to retained earnings when the related shares are vested and related options are expired or are forfeited.

#### (d) Hedging reserve

The hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising from changes in fair value of the hedging instrument that are recognised and accumulated under the heading of hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss or when the hedged forecast transaction is no longer expected to occur. When the hedged forecast transaction results in the recognition of a non-financial item, the cumulative gain or loss is included in the initial measurement of the cost of such item.

#### (e) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.10.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 41. PERPETUAL CAPITAL INSTRUMENTS

	Principal <i>RMB'000</i>	Distribution/ appropriation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Balance as at 1 January 2024</b>	17,549,865	288,580	17,838,445
Issuance of perpetual capital instruments	998,340	–	998,340
Redemption of perpetual capital instruments	(2,492,073)	–	(2,492,073)
Profit attributable to holders of perpetual capital instruments	–	514,421	514,421
Distributions made to holders of perpetual capital instruments	–	(536,780)	(536,780)
<b>Balance as at 31 December 2024 and 1 January 2025</b>	<b>16,056,132</b>	<b>266,221</b>	<b>16,322,353</b>
Issuance of perpetual capital instruments	<b>11,963,992</b>	–	<b>11,963,992</b>
Redemption of perpetual capital instruments	<b>(12,264,682)</b>	–	<b>(12,264,682)</b>
Profit attributable to holders of perpetual capital instruments	–	<b>400,194</b>	<b>400,194</b>
Distributions made to holders of perpetual capital instruments	–	<b>(470,680)</b>	<b>(470,680)</b>
<b>Balance as at 31 December 2025</b>	<b>15,755,442</b>	<b>195,735</b>	<b>15,951,177</b>

During the year ended 31 December 2025, the Company issued the perpetual interest-bearing debentures in an aggregate principal amount of RMB12,000.00 million (2024: RMB1,000.00 million) with coupon rates ranging from 1.90% to 3.05% (2024: ranging from 2.50% to 5.70%). The net proceeds after deducting the issuance cost amounted to approximately RMB11,963.99 million (2024: approximately RMB998.34 million). On each interest payment date of the perpetual interest-bearing debentures, the Company can elect to defer payment of interest due and all interest deferred pursuant to this term and its fruits to the next interest payment date without any limitation on the number of times of such deferral, unless the Company declares dividend to its shareholders. The aforesaid deferral of interest shall not constitute a default by the Company. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral. The perpetual interest-bearing debentures have no maturity date and will continue indefinitely until redeemed by the Company in accordance with their terms. The Company is entitled to redeem the perpetual capital instruments at par value plus payable interest (including all deferred interest) on the fifth and each of the subsequent interest payment dates of the perpetual interest-bearing debentures. If the Company does not exercise the right of redemption, the discretionary coupon rate will be reset every two to three years from the third to fourth interest-bearing year onwards.

Interest payment of approximately RMB470.68 million (2024: approximately RMB536.78 million) has been paid by the Group to the holders of the above-mentioned perpetual capital instruments during the year ended 31 December 2025.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES

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

During the year ended 31 December 2025, the Group acquired 6 (2024: 3) subsidiaries and acquired certain assets through acquisition of subsidiaries. The acquired subsidiaries and business are principally engaged in the production and sale of cement, concrete and new materials.

These acquisitions have been accounted for using the acquisition method.

Summary of net assets acquired in the transactions during the year, goodwill on acquisition arising, are as follows:

	<b>2025</b>	2024
	<b>Fair value</b>	Fair value
	<b>RMB'000</b>	RMB'000
Net assets acquired:		
Property, plant and equipment (Note 15)	<b>1,284,133</b>	1,787,847
Investment properties (Note 17)	<b>18,731</b>	–
Right-of-use assets (Note 16)	<b>397,713</b>	478,531
Intangible assets (Note 19)	<b>104,662</b>	830,849
Interest in associates	<b>19,934</b>	17,639
Deferred income tax assets (Note 34)	<b>6,142</b>	57,001
Inventories	<b>314,236</b>	307,319
Trade and other receivables	<b>604,663</b>	1,201,575
Amounts due from the related parties	<b>413,356</b>	10,987
Pledged bank deposits	–	6
Cash and cash equivalents	<b>723,562</b>	288,923
Trade and other payables	<b>(664,990)</b>	(946,755)
Current income tax liabilities	<b>(20,953)</b>	(32,596)
Amounts due to the related parties	<b>(276,978)</b>	(16,080)
Borrowings	<b>(230,945)</b>	(285,760)
Lease liabilities	<b>(324)</b>	(4,687)
Deferred income	<b>(1,364)</b>	(1,611)
Employee benefits payable (Note 36)	<b>(18,229)</b>	–
Deferred income tax liabilities (Note 34)	<b>(91,777)</b>	(262,751)
Net assets	<b>2,581,572</b>	3,430,437
Non-controlling interests	<b>(801,492)</b>	(594,186)
Goodwill (Note 18A)	<b>599,511</b>	2,238,791
Total consideration	<b>2,379,591</b>	5,075,042

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Total consideration satisfied by:		
Cash	1,907,500	3,795,643
Other payables	92,879	1,271,829
Transferred from deposits	253,712	7,570
Amounts due to related parties	125,500	–
	<b>2,379,591</b>	5,075,042
Net cash outflow arising on acquisition:		
Cash consideration paid	<b>(1,907,500)</b>	(3,795,643)
Less: cash and cash equivalents acquired	723,562	288,923
	<b>(1,183,938)</b>	(3,506,720)

Notes:

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

The receivables acquired (which principally comprised trade and other receivables, amounts due from the related parties, pledged bank deposits and cash and cash equivalents) with a fair value of approximately RMB1,741.58 million (2024: approximately RMB1,501.49 million) at the date of acquisition had gross contractual amounts of approximately RMB1,761.15 million (2024: approximately RMB1,706.61 million). The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to approximately RMB19.57 million (2024: approximately RMB205.12 million).

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of acquired subsidiaries and amounted to approximately RMB801.49 million (2024: approximately RMB594.19 million).

During the year ended 31 December 2025, included in the revenue and profit for the year are approximately RMB1,870.21 million and RMB280.37 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2025, had these business combinations been effected at 1 January 2025, the revenue of the Group would be approximately RMB178,038.38 million and loss for the year of the Group would be approximately RMB880.69 million. The management considers these 'pro-forma' an approximate measure of the performance of the combined group on recognised basis and reference point for comparison in future periods.

During the year ended 31 December 2024, included in the revenue and profit for the year are approximately RMB3,662.11 million and RMB488.56 million respectively attributable to the additional business mainly generated by these newly acquired companies.

Regarding the acquisition occurred during the year ended 31 December 2024, had these business combinations been effected at 1 January 2024, the revenue of the Group would be approximately RMB181,697.30 million and profit for the year of the Group would be approximately RMB7,378.06 million. The management considers these 'pro-forma' an approximate measure of the performance of the combined group on recognised basis and reference point for comparison in future periods.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

Details of the Group's significant acquisitions during the year ended 31 December 2025 are as follows:

##### **Inner Mongolia Hengke New Material Co. Ltd (内蒙古恒科新材料科技有限公司) ('Inner Mongolia Hengke')**

On 26 December 2024, China National Building Materials Graphite New Materials Co., LTD, a wholly owned subsidiary, entered into a sale and purchase agreement with several independent third parties to acquire approximately 54.80% equity interests of Inner Mongolia Hengke at a consideration of approximately RMB 770.98 million. Inner Mongolia Hengke is principally engaged in research and development, production and sales of graphite and new materials, and was acquired with the objective of improving the Group's business in graphite. The transaction has been completed on 1 January 2025.

##### **Société Les Ciments de Jbel Oust ("CJO")**

On 26 July 2024, Sinoma Cement a partially owned subsidiary, entered into a sale and purchase agreement with an independent third party to acquire the entire equity interests of CJO at a cash consideration of approximately USD141.18 million (equivalent to approximately RMB1,013.50 million). CJO is principally engaged in production and sale of cement and aggregate and was acquired with the objective of improving the synergies of the Group's business. The transaction has been completed on 26 March 2025.

These transactions have been accounted for as acquisition of business using the acquisition method.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

Net assets acquired in the transactions are as follows:

	CJO Fair value RMB'000	Inner Mongolia Hengke Fair value RMB'000
Net assets acquired:		
Property, plant and equipment	342,047	622,434
Right-of-use assets	164,799	121,009
Intangible assets	1,049	35,220
Deferred income tax assets	4,605	726
Inventories	115,591	145,632
Trade and other receivables	115,199	372,792
Amounts due from the related parties	–	413,356
Cash and cash equivalents	108,102	152,144
Trade and other payables	(95,309)	(357,034)
Current income tax liabilities	(8,577)	(7,755)
Amounts due to the related parties	–	(276,978)
Borrowings	–	(223,939)
Lease liabilities	(324)	–
Deferred income	(1,364)	–
Employee benefits payable	(18,229)	–
Deferred income tax liabilities	(31,263)	(19,162)
Net assets acquired	696,326	978,445
Non-controlling interests	–	(480,834)
Goodwill	317,172	273,372
Total consideration	1,013,498	770,983

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

	CJO Fair value RMB'000	Inner Mongolia Hengke Fair value RMB'000
Total consideration satisfied by:		
Cash	1,013,498	393,992
Other payables	–	82,783
Transferred from deposits	–	168,708
Amounts due to related parties	–	125,500
	<b>1,013,498</b>	<b>770,983</b>
Net cash outflow arising on acquisition:		
Cash consideration paid	1,013,498	393,992
Less: cash and cash equivalents acquired	(108,102)	(152,144)
	<b>905,396</b>	<b>241,848</b>

Notes:

The goodwill arising on the acquisition of the company is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement, concrete and new materials operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the revenue and loss for the year ended 31 December 2025 are approximately RMB1,581.79 million and profit of approximately RMB247.06 million respectively attributable to the additional business generated by the newly acquired company.

Had these business combinations been effective at 1 January 2025, the revenue and loss for the year ended 31 December 2025 of the Group would be approximately RMB177,971.93 million and RMB884.33 million, respectively. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

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

Details of the Group's significant acquisitions during the year ended 31 December 2024 are as follows:

##### **BNBM Carpoly (北新嘉寶莉塗料集團股份有限公司)**

On 29 December 2023, BNBM, a partially owned subsidiary, entered into a sale and purchase agreement with several independent third parties to acquire approximately 78.34% equity interests of BNBM Carpoly at a cash consideration of approximately RMB4,073.82 million. BNBM Carpoly is principally engaged in research and development, production and sales of coatings and related products, and was acquired with the objective of improving the Group's business in coating new materials. The transaction has been completed on 29 February 2024.

##### **Xinjiang Bohai Cement Co., Ltd. (新疆博海水泥有限公司) (“Xinjiang Bohai Cement”)**

On 28 March 2024, Xinjiang Tianfeng Investment Co., Ltd., a partially owned subsidiary, entered into a sale and purchase agreement with several independent third parties to acquire the entire equity interests of Xinjiang Bohai Cement at a consideration of approximately RMB993.65 million. Xinjiang Bohai Cement is principally engaged in production and sale of cement and concrete and was acquired with the objective of improving the synergies of the Group's business. The transaction has been completed on 31 March 2024.

These transactions have been accounted for as acquisition of business using the acquisition method.

Net assets acquired in the transactions are as follows:

	<b>BNBM Carpoly Fair value RMB'000</b>	<b>Xinjiang Bohai Cement Fair value RMB'000</b>
Net assets acquired:		
Property, plant and equipment	1,193,411	587,209
Right-of-use assets	425,960	52,571
Intangible assets	654,957	175,891
Interest in associates	17,639	–
Deferred income tax assets	51,944	5,057
Inventories	279,703	27,616
Trade and other receivables	1,194,080	7,153
Amounts due from the related parties	–	10,987
Pledged bank deposits	–	6
Cash and cash equivalents	255,879	33,044
Trade and other payables	(865,934)	(80,820)
Current income tax liabilities	(20,349)	(12,247)
Amounts due to the related parties	–	(16,081)
Borrowings	(285,245)	(515)
Lease liabilities	(4,687)	–
Deferred income	(1,611)	–
Deferred income tax liabilities	(212,093)	(50,658)
Net assets acquired	<b>2,683,654</b>	<b>739,213</b>

## Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES (CONTINUED)

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

	BNBM Carpoly Fair value RMB'000	XinJiang Bohai cement Fair value RMB'000
Non-controlling interests	(594,186)	–
Goodwill	1,984,354	254,437
Total consideration	4,073,822	993,650
Total consideration satisfied by:		
Cash	2,851,676	943,967
Other payables	1,222,146	49,683
	4,073,822	993,650
Net cash outflow arising on acquisition:		
Cash consideration paid	(2,851,676)	(943,967)
Less: cash and cash equivalents acquired	255,879	33,044
	(2,595,797)	(910,923)

Notes:

The goodwill arising on the acquisition of the company is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement, concrete and new materials operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Included in the revenue and profit for the year ended 31 December 2024 are approximately RMB3,662.11 million and RMB488.56 million respectively attributable to the additional business generated by the newly acquired company.

Had these business combinations been effective at 1 January 2024, the revenue and profit for the year ended 31 December 2024 of the Group would be approximately RMB181,300.70 million and RMB7,413.59 million, respectively. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

#### (b) Disposal of subsidiaries

During the year ended 31 December 2025, the Group disposed its equity interests in 1 subsidiary (2024: 6 subsidiaries) to third parties. The net assets of the disposed subsidiaries at the date of disposal were as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Net assets disposed of:		
Property, plant and equipment (Note 15)	<b>17,908</b>	404,793
Right-of-use assets	<b>3,404</b>	49,851
Investment properties (Note 17)	–	203,240
Goodwill (Note 18A)	<b>19,851</b>	–
Intangible assets (Note 19)	–	372,048
Deferred income tax assets (Note 34)	–	314
Inventories	<b>2,203</b>	14,355
Trade and other receivables	<b>288</b>	86,534
Amount due from related parties	–	23,337
Cash and cash equivalents	<b>98</b>	345,962
Trade and other payables	<b>(175)</b>	(309,902)
Current income tax liabilities	–	(1,198)
Amounts due to related parties	<b>(19,702)</b>	(3,245)
Borrowings	–	(619)
Lease liabilities	–	(1,673)
Net assets disposed of:	<b>23,875</b>	1,183,797
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Consideration received:		
Cash received	<b>40,300</b>	864,925
Other payables	–	2,500
Deferred cash consideration	–	45,165
	<b>40,300</b>	912,590
Gain on disposal of subsidiaries		
Consideration received and receivable	<b>40,300</b>	912,590
Non-controlling interests	–	522,280
Net assets disposed of	<b>(23,875)</b>	(1,183,797)
Gain on disposal of subsidiaries, net (Note 8)	<b>16,425</b>	251,073
Net cash inflow of cash arising from disposal of subsidiaries:		
Cash consideration	<b>40,300</b>	864,925
Cash and cash equivalents disposed of	<b>(98)</b>	(345,962)
Net cash inflow from disposal of subsidiaries	<b>40,202</b>	518,963

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

#### (b) Disposal of subsidiaries *(Continued)*

Details of the Group's significant disposal during the year ended 31 December 2024 is as follows:

#### **Hunan Miluo Southern New Materials Technology Co., Ltd. (湖南汨羅南方新材料科技股份有限公司) (“Hunan Miluo Southern New Materials”)**

On 12 December 2024, South New Materials, a partially owned subsidiary, entered into a sale and purchase agreement with an independent third party to sell approximately 49.00% equity interests of Hunan Miluo Southern New Materials at a cash consideration of approximately RMB590.41 million. The transaction has been completed on 17 December 2024.

Net assets disposed in the transaction are as follows:

	2024 Carrying amount RMB'000
Net assets disposed of:	
Property, plant and equipment	279,490
Right-of-use assets	19,216
Intangible assets	372,048
Inventories	665
Trade and other receivables	61,477
Amount due from related parties	8,190
Cash and cash equivalents	343,620
Trade and other payables	(35,050)
Amounts due to related parties	(3,245)
Net assets disposed of:	1,046,411

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 42. ACQUISITION AND DISPOSALS OF SUBSIDIARIES *(CONTINUED)*

#### (b) Disposal of subsidiaries *(Continued)*

	2024 RMB'000
Consideration received:	
Cash received	590,405
Gain on disposal of a subsidiary	
Consideration received and receivable	590,405
Non-controlling interests	512,741
Net assets disposed of	(1,046,411)
Gain on disposal of a subsidiary	56,735
Net cash inflow of cash arising from disposal of a subsidiary:	
Cash consideration	590,405
Cash and cash equivalents disposed of	(343,620)
	246,785

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 43. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

For the year ended 31 December 2025, the Group acquired additional issued shares of 13 subsidiaries (2024: 1 subsidiary) for an aggregated consideration of approximately RMB234.97 million (2024: approximately RMB5.45 million). The carrying amount of the non-controlling interests in the subsidiaries being acquired on the date of acquisition was approximately RMB193.33 million (2024: approximately RMB6.44 million). The Group recognised a decrease in non-controlling interests of approximately RMB193.33 million (2024: approximately RMB6.44 million) and a decrease in equity attributable to owners of the Group of approximately RMB41.63 million (2024: an increase of approximately RMB0.99 million).

	2025 RMB'000	2024 RMB'000
Carrying amount of non-controlling interests acquired	193,335	6,444
Consideration paid to non-controlling interests	(234,967)	(5,453)
(Excess)/deficit of consideration paid recognised within equity	(41,632)	991

Details of the Group's significant acquisition of additional interests in subsidiaries without change in control during the year ended 31 December 2025 is as follows:

#### Beijing Composite Materials Co., Ltd. ("Beijing Composite")

On 25 October 2024, Sinoma Science & Technology, a partially owned subsidiary of the Company, entered into a share transfer agreement with a fellow subsidiary of the Company, pursuant to which the fellow subsidiary agreed to sell 4.13% equity interests of Beijing Composite, and Sinoma Science & Technology agreed to purchase the corresponding equity interests at a consideration of approximately RMB54.44 million. The transaction was completed on 1 January 2025, after that, the Group's effective equity interests in Beijing Composite were increased from 51.77% to 54.26%. As a result, the Group recognised a decrease in non-controlling interests of approximately RMB24.58 million and a decrease in equity attributable to owners of the Company of approximately RMB29.86 million.

#### Beixin Aotai Polymer Waterproof System (Tianjin) Co., Ltd. ("Beixin Aotai")

During the year ended 31 December 2025, Beixin Waterproof Co., Ltd. ("Beixin Waterproof"), a partially owned subsidiary of the Company, entered into a share transfer agreement with two independent third parties, pursuant to which the independent third parties agreed to sell 22.00% of equity interests of Beixin Aotai, and Beixin Waterproof agreed to purchase the corresponding equity interests at a consideration of approximately RMB36.38 million. After that, the Group's effective equity interests in Beixin Aotai were increased from 26.48% to 34.80%. As a result, the Group recognised a decrease in non-controlling interests of approximately RMB34.92 million and a decrease in equity attributable to owners of the Company of approximately RMB1.46 million.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 43. TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(CONTINUED)*

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of equity interests obtained by non-controlling interests	(15,234)	(517,073)
Capital contributed by non-controlling interests	–	53,190
Deficit of consideration received recognised within equity	(15,234)	(463,883)

Details of the Group's significant deemed partial disposal of interests in subsidiaries without change in control during the years ended 31 December 2025 and 2024 are as follows:

#### **Sichuan Nuwa Building Materials Co., Ltd. (“Sichuan Nuwa”)**

During the year ended 31 December 2025, Jiahua Special Cement Co., Ltd. (“Jiahua Special Cement”) and Southwest Cement, both partially owned subsidiaries of the Company, entered into a share transfer agreement, pursuant to which Southeast Cement agreed to sell 80% equity interests of Sichuan Nuwa at a consideration of approximately RMB165.56 million. After the completion of the transaction on 30 November 2025, the Group's effective equity interests in Sichuan Nuwa were diluted from 64.91% to 58.10%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB14.33 million and an increase in non-controlling interests of approximately RMB14.33 million.

#### **Chongqing Jiahua Special Material Co., Ltd. (重慶嘉華特種材料有限公司) (“Jiahua Special Materials”)**

During the year ended 31 December 2025, Jiahua Special Cement and Southwest Cement, both partially owned subsidiaries of the Company, entered into a share transfer agreement, pursuant to which Southeast Cement agreed to sell the equity interests of 51% of Jiahua Special Materials at a consideration of approximately RMB53.52 million. After the completion of the transactions on 30 November 2025, the Group's effective equity interests in Jiahua Special Materials were diluted from 81.14% to 76.80%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB0.90 million and an increase in non-controlling interests of approximately RMB0.90 million.

#### **Sinoma Cement**

During the year ended 31 December 2024, Tianshan Materials, a partially owned subsidiary of the Company, entered into a capital injection agreement with Sinoma International, pursuant to which Sinoma International, a partially owned subsidiary of the Company, agreed to contribute approximately RMB821.19 million to Sinoma Cement, a partially owned subsidiary of Tianshan Materials for the equity interests of 18.75% of Sinoma Cement. After that, the Group's effective equity interests in Sinoma Cement were diluted from 75.26% to 65.07%. As a result, the Group recognised a decrease in equity attributable to owners of the Company of approximately RMB461.97 million and an increase in non-controlling interests of approximately RMB461.97 million.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 44. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure of the Group contracted but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	<b>102,601</b>	1,396,082

### 45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to related parties (Note 28) RMB'000	Borrowings (Note 33) RMB'000	Lease liabilities (Note 35) RMB'000
As 1 January 2024	4,226,733	184,905,699	2,124,829
Financing cash flows	(721,375)	6,695,463	(618,837)
Acquisition of subsidiaries (Note 42(a))	–	285,760	4,687
Disposal of subsidiaries (Note 42(b))	–	(619)	(1,673)
New leases entered	–	–	929,837
Interest expenses	136,308	–	127,461
Exchange re-alignment	–	24,239	–
At 31 December 2024 and 1 January 2025	3,641,666	191,910,542	2,566,304
Financing cash flows	<b>(205,095)</b>	<b>(4,070,571)</b>	<b>(794,716)</b>
Acquisition of subsidiaries (Note 42(a))	–	<b>230,945</b>	<b>324</b>
New leases entered	–	–	<b>421,162</b>
Interest expenses	<b>117,795</b>	<b>4,973,232</b>	<b>138,180</b>
At 31 December 2025	<b>3,554,366</b>	<b>193,044,148</b>	<b>2,331,254</b>

## Notes to the Consolidated Financial Statements *(Continued)*

*For the year ended 31 December 2025*

### **46. RELATED PARTY TRANSACTIONS**

The Company is ultimately controlled by the Parent, which is a state-owned enterprise established in the PRC. The Parent itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 (revised), "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include the Parent and its subsidiaries (other than the Group), other government-related entities and subsidiaries ("other state-owned enterprises"), other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and the Parent as well as their close family members.

For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year.

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

#### (a) Transactions with related parties

The Group entered into the following transactions with China National Building Material Group Corporation (the “Parent”) and its subsidiaries (collectively the “Parent Group”), the associates of the Group, the joint ventures of the Group and the non-controlling interests of the Group’s subsidiaries:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Provision of production supplies to		
– The Parent Group	1,525,357	1,481,360
– Associates	150,986	36,059
– Joint ventures	8,309	120,997
– Non-controlling interests of subsidiaries	476,226	234,565
	<b>2,160,878</b>	1,872,981
Provision of support services to		
– The Parent Group	544,274	123,413
– Associates	375,121	270,565
– Joint ventures	12	56,970
– Non-controlling interests of subsidiaries	47	93
	<b>919,454</b>	451,041
Rental income received from		
– The Parent Group	71,385	75,739
– Associates	8,244	3,644
	<b>79,629</b>	79,383
Rendering of engineering service to		
– The Parent Group	31,056	58,663
– Associates	9,736	62,287
– Joint ventures	–	68,594
– Non-controlling interests of subsidiaries	7,003	9,036
	<b>47,795</b>	198,580
Interest income received from the Parent Group	<b>18,161</b>	23,179

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

	2025 RMB'000	2024 RMB'000
Provision of production supplies by		
– The Parent Group	1,478,363	5,150,689
– Associates	221,772	4,607
– Joint ventures	22,405	582,787
– Non-controlling interests of subsidiaries	31,730	12,323
	<b>1,754,270</b>	5,750,406
Provision of support services by		
– The Parent Group	153,338	371,622
– Associates	12,675	14,656
– Joint ventures	864	3,393
– Non-controlling interests of subsidiaries	101	30,376
	<b>166,978</b>	420,047
Supplying of equipment by		
– The Parent Group	135,274	455,343
– Associates	42,832	–
	<b>178,106</b>	455,343
Interest expenses paid to		
– The Parent Group	104,853	119,237
– Non-controlling interests of subsidiaries	12,942	17,104
	<b>117,795</b>	136,341
Provision of engineering services by		
– The Parent Group	244,603	6,717,635
– Associates	92,732	58,068
– Non-controlling interests of subsidiaries	60	–
	<b>337,395</b>	6,775,703
Supply of raw materials by		
– The Parent Group	852,538	1,000,841
– Associates	4,630	142
– Joint ventures	107,678	9,180
– Non-controlling interests of subsidiaries	–	291
	<b>964,846</b>	1,010,454
Supply of raw materials (limestone and clay) by the Parent Group	<b>76,364</b>	108,362
Short term lease expenses paid to		
– The Parent Group	41,963	39,294
– Non-controlling interests of subsidiaries	8,402	–
	<b>50,365</b>	39,294
Provision of other financial services by the Parent Group	<b>8,440</b>	2,039

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 46. RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

During the years ended 31 December 2025 and 2024, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits and borrowings as of 31 December 2025 and 2024 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

#### (c) Remuneration to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly including directors and supervisors of the Group. The key management personnel compensations during the year are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Short term benefits	5,220	7,042
Post-employment benefits	210	319
	<b>5,430</b>	<b>7,361</b>

### 47. INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

#### (a) Information about the statement of financial position of the Company at the end of the year includes:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Investments in subsidiaries	57,353,174	57,353,174
Other non-current assets	10,868,716	9,884,674
Amounts due from subsidiaries	44,682,881	47,591,980
Other current assets	1,103,353	1,216,743
Non-current liabilities	<b>(29,650,049)</b>	(29,073,324)
Current liabilities	<b>(22,082,518)</b>	(21,016,184)
Net assets	<b>62,275,557</b>	65,957,063
Share capital (Note 39)	7,593,021	8,434,771
Reserves	38,731,359	41,199,939
Perpetual capital instruments	15,951,177	16,322,353
Total equity	<b>62,275,557</b>	65,957,063

## Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December 2025

### 47. INFORMATION ABOUT THE STATEMENTS OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

	Share Capital <i>RMB'000</i>	Share premium and redemption reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory surplus reserve (Note 40(b)) <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Perpetual capital instruments (Note 41) <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2024	8,434,771	1,788,736	10,968,184	2,426,160	25,585,591	49,203,442	17,838,445	67,041,887
Profit for the year	-	-	-	-	2,370,979	2,370,979	514,421	2,885,400
Actuarial gains on defined benefit obligations	-	-	(222)	-	-	(222)	-	(222)
Total comprehensive income for the year	-	-	(222)	-	2,370,979	2,370,757	514,421	2,885,178
Dividends (Note 13)	-	-	-	-	(1,931,562)	(1,931,562)	-	(1,931,562)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	998,340	998,340
Redemption of perpetual capital instruments	-	-	(7,927)	-	-	(7,927)	(2,492,073)	(2,500,000)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	(536,780)	(536,780)
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>8,434,771</b>	<b>1,788,736</b>	<b>10,960,035</b>	<b>2,426,160</b>	<b>26,025,008</b>	<b>49,634,710</b>	<b>16,322,353</b>	<b>65,957,063</b>
Profit for the year	-	-	-	-	<b>1,136,210</b>	<b>1,136,210</b>	<b>400,194</b>	<b>1,536,404</b>
Actuarial loss on defined benefit obligations	-	-	<b>485</b>	-	-	<b>485</b>	-	<b>485</b>
Total comprehensive income for the year	-	-	<b>485</b>	-	<b>1,136,210</b>	<b>1,136,695</b>	<b>400,194</b>	<b>1,536,889</b>
Dividends (Note 13)	-	-	-	-	<b>(1,199,697)</b>	<b>(1,199,697)</b>	-	<b>(1,199,697)</b>
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	<b>11,963,992</b>	<b>11,963,992</b>
Redemption of perpetual capital instruments	-	-	<b>(35,318)</b>	-	-	<b>(35,318)</b>	<b>(12,264,682)</b>	<b>(12,300,000)</b>
Interest paid on perpetual capital instruments	-	-	-	-	-	-	<b>(470,680)</b>	<b>(470,680)</b>
Share repurchased and cancelled (Note 39(d))	<b>(841,750)</b>	<b>(2,370,260)</b>	-	-	-	<b>(3,212,010)</b>	-	<b>(3,212,010)</b>
<b>Balance at 31 December 2025</b>	<b>7,593,021</b>	<b>(581,524)</b>	<b>10,925,202</b>	<b>2,426,160</b>	<b>25,961,521</b>	<b>46,324,380</b>	<b>15,951,177</b>	<b>62,275,557</b>

# Financial Summary

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	177,847,086	181,300,701	210,216,434	233,879,825	275,618,608
Cost of sales	(144,595,202)	(148,591,366)	(172,770,237)	(194,036,458)	(209,892,459)
Gross profit	33,251,884	32,709,335	37,446,197	39,843,367	65,726,149
Investment and other income, net	4,818,788	5,533,440	3,454,100	5,699,735	6,527,001
Selling and distribution costs	(4,141,783)	(3,918,324)	(3,694,350)	(3,631,545)	(4,914,400)
Administrative expenses	(27,222,120)	(20,624,622)	(21,122,306)	(21,004,435)	(28,696,325)
Finance costs, net	(4,344,022)	(4,657,818)	(5,142,062)	(5,910,030)	(7,251,564)
Share of results of associates	853,468	1,090,929	1,512,521	3,047,740	4,021,638
Share of results of joint ventures	6,635	(9,913)	(3,356)	(7,669)	(4,320)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net	(2,055,783)	(629,675)	69,178	(27,564)	(1,698,786)
Profit before income tax	1,167,067	9,493,352	12,519,922	18,009,599	33,709,393
Income tax expense	(2,087,932)	(2,079,766)	(2,119,272)	(2,606,331)	(7,995,602)
(Loss)/profit for the year	(920,865)	7,413,586	10,400,650	15,403,268	25,713,791
(Loss)/profit for the year attributable to:					
Owners of the Company	(3,745,255)	2,387,299	3,863,048	8,129,550	16,299,953
Holders of perpetual capital instruments	400,194	514,421	551,808	688,550	794,707
Non-controlling interests	2,424,196	4,511,866	5,985,794	6,585,168	8,619,131
(Loss)/profit for the year	(920,865)	7,413,586	10,400,650	15,403,268	25,713,791
Final dividend proposed	1,138,953	1,199,697	1,931,562	3,188,343	5,845,296

## EXTRACTS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	489,542,509	494,007,276	488,897,924	489,343,500	470,712,659
Total liabilities	(303,128,115)	(299,479,391)	(295,383,837)	(293,355,578)	(287,755,973)
Perpetual capital instruments	(15,951,177)	(16,322,353)	(17,838,445)	(15,820,411)	(16,809,142)
Non-controlling interests	(75,746,889)	(75,084,408)	(70,350,160)	(72,838,844)	(62,076,255)
Equity attributable to owners of the Company	94,716,328	103,121,124	105,325,482	107,328,667	104,071,289

# Definitions

“BBMG”	北京金隅集團股份有限公司 (BBMG Corporation*)
“Beijing Composite”	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
“BNBM”	北新集團建材股份有限公司 (Beijing New Building Materials Public Limited Company)
“BNBMG”	北新建材集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)
“Board”	the board of directors of the Company
“Building Materials Academy”	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
“Carpoly”	嘉寶莉化工集團股份有限公司 (Carpoly Chemical Group Co Ltd)
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China Certification Group”	中國建材檢驗認證集團股份有限公司 (China Building Material Test & Certification Group Co., Ltd.)
“China Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
“China Composites”	中國複合材料集團有限公司 (China Composites Group Corporation Limited)
“China Jushi”	中國巨石股份有限公司 (China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
“CNBM Investment”	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
“CNBM Trading”	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)
“CNBM United Investment”	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
“Company” or “CNBM”	中國建材股份有限公司 (China National Building Material Company Limited*)
“Director(s)”	the director(s) of the Company

## Definitions *(Continued)*

“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB
“Finance Company”	中國建材集團財務有限公司 (China National Building Material Group Finance Co., Ltd.)
“Finance Industry”	泰安市財金產業發展有限公司 (Tai'an Finance Industrial Development Co., Ltd)
“Group”	the Company and, except where the context otherwise requires, all its subsidiaries
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
“Hengke”	內蒙古恒科新材料科技有限公司 (Inner Mongolia Hengke New Material Co. Ltd.) and 河北恒科新能源材料有限公司 (Hebei Hengke New Energy Materials Co., Ltd.)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hefei Institute”	合肥水泥研究設計院有限公司 (HeFei Cement Research & Design Institute Corporation Ltd.)
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Management of Three Delicacies”	lean operation, refined management and refined organization
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Ningxia Building Materials”	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
“North Cement”	北方水泥有限公司 (North Cement Company Limited)
“Parent”	中國建材集團有限公司 (China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)
“Parent Group”	the Parent and its subsidiaries

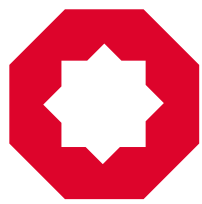
## Definitions *(Continued)*

“PRC”	the People’s Republic of China
“Promoters”	the original promoters of the Company, namely the Parent, BNBMG, China Cinda, Building Materials Academy and CNBM Trading
“Qilianshan”	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
“Qilianshan Holdings”	甘肅祁連山建材控股有限公司 (Gansu Qilianshan Building Materials Holdings Company Limited)
“Reporting Period”	from 1 January 2025 to 31 December 2025
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Sinoma Advanced”	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)
“Sinoma Cement”	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
“Sinoma Graphite”	中建材石墨新材料有限公司 (CNBM Graphite New Materials Co., Ltd.)
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
“Sinoma Investment”	中國中材投資(香港)有限公司 (Sinoma Investment (Hong Kong) Co., Ltd.)
“Sinoma Science & Technology”	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
“State” or “PRC Government”	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee

## Definitions *(Continued)*

"Supervisory Committee"	the supervisory committee of the Company
"Taishan Fiberglass"	泰山玻璃纖維(太原)有限公司 (Taishan Fiberglass (Taiyuan) Inc.)
"Taishan Finance"	泰安市泰山財金投資集團有限公司 (Taian Taishan Finance Investment Group Co., Ltd.)
"Taishan Gypsum"	泰山石膏有限公司 (Taishan Gypsum Co., Ltd.*)
"Taishan Investment"	泰安市泰山投資有限公司 (Taian Taishan Investment Co., Ltd.)
"Tianshan Materials"	天山材料股份有限公司(曾用名新疆天山水泥股份有限公司) Tianshan Material Co., Ltd. (formerly known as Xinjiang Tianshan Cement Co., Ltd.)
"Triumph Group"	Triumph Technology Group Company Limited* (凱盛科技集團有限公司)

\* *For identification purpose only*



**CNBM**

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