



華新建材集團股份有限公司

HUAXIN BUILDING MATERIALS GROUP CO., LTD.

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HUAXIN BUILDING MATERIALS GROUP CO., LTD.*

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

Stock code : 6655



2025

ANNUAL REPORT

* For identification purposes only

Important Notice

1. The Board of Directors of the Company and all directors, and the senior management, collectively and individually accept full responsibility for the purpose of giving information to the public with regard to the Company, and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.
2. The 22th meeting of the 11th session of Board of Directors should have been attended by 9 directors, with 8 present in person. Independent Director Mr. Zhang Jiping, due to other business commitments, authorized Independent Director Mr. Jiang Hong to attend the Meeting and exercise voting rights on his behalf with a written Power of Attorney.
3. Ernst & Young Hua Ming Certified Public Accountants LLP issued an auditor's report with standard unqualified opinions for the Company.
4. Mr. Li Yeqing, Executive Director and CEO, Mr. Chen Qian, person in charge of accounting, and Ms. Wu Qiaoli, chief of accounting agency, declare and confirm that the financial statements contained in herein are true, accurate and complete.
5. The profit distribution plan for 2025 adopted at the 22th meeting of the 11th session of Board of Directors of the Company is as follows: Based on the total shares of the company at the end of 2025 of 2,078,995,649 shares, a cash dividend of RMB0.55 per share (including tax) will be distributed to all shareholders, totaling RMB1,142,571,087 (accounting for 40.04% of the net profit attributable to the parent company's shareholders after consolidation), with the remaining balance carried forward to undistributed profits. Among them, the company had distributed cash dividends for the first three quarters of 2025 at 0.34 yuan per share in December 2025, totaling RMB705,982,001 in cash dividends for the first three quarters (2,578,000 A-shares in the company's repurchase-specific securities account did not participate in this profit distribution). The proposed final cash dividend is based on 2,078,995,649 shares, with 0.21 yuan per share, totaling RMB436,589,086. No capital reserve will be converted into share capital this year.
6. Forward-looking risk statement: future plan, development strategies and other forward-looking statements in this report do not constitute any substantive commitments of the Company to its investors. Investors and the public are kindly advised to be cautious of the investment risk.
7. There was no appropriation of the Company's funds for non-operating purpose by the controlling shareholders or their related parties.
8. All the external guarantees provided by the Company are in compliance with the decision-making procedures.
9. Material risk warning: the risks that the Company may be exposed to have been described in detail in this report. Please refer to the section headed "V. Management Discussion and Analysis on the Operations of the Company".

Letter to Shareholders

Dear Shareholders,

2025 marks a defining year for Huaxin Building Materials to reshape landscape and redefine value. Amid a cyclical downturn in the domestic building materials market, the Company not only weathered the storm but also successfully expanded the global footprint of strategic assets. Navigating in the intensifying industry “involution” and evolving demand dynamics, the management demonstrated unwavering strategic resolve, steering the team through a pivotal transition from “scale growth” to “quality growth”. 2025’s performance results have commanded the full attention of the capital markets: the market capitalization surged 108% against strong market headwinds, leading the industry, while financial fundamentals improved measurably, with the operating cash flow continuing its upward trajectory. In this context, the global value of Huaxin, a company with more than a century of history, is being redefined.

Over the past year, Huaxin’s strategy focus has centred on optimizing the asset portfolio and constructing a global moat capable of navigating economic cycles.

A historic breakthrough in our overseas footprint: We successfully completed the acquisition and integration of the Lafarge’s Nigeria operations and brought the aggregates project in Brazil into operation. These strategic initiatives have positioned Huaxin as the Chinese cement producer with the largest overseas production capacity and the broadest geographical footprint. Expansion into high-margin overseas markets is fast emerging as the second growth engine.

Unlocking synergies across domestic operations: In the domestic arena, through integrated and synergistic operations, the undisputed leadership in the aggregates business was further cemented (ranking first nationally in both production and sales), while achieving positive net operating cash flow in the concrete business for the first time. This marks the evolution of the domestic operations from mere scale expansion into mature business units with robust, self-sustaining profitability.

2026, initiating the commencement of the 15th Five-Year Plan, also marks a pivotal year for Huaxin’s global strategy to transition from “expand footprint” to “deepen presence”. Not only will the Company continue to steadily expand its global footprint, but it will also sharpen the focus on enhancing capital efficiency and fortifying the core competitiveness, as the Company strives to emerge as a world-class building materials enterprise with global pricing power.

1. Advancing Supply-Side Reform and Enhancing Asset Returns

The Company will align closely with the government's capacity policies and resolutely adhere to the mandate of "organizing production in accordance with approved capacity". Amid the ongoing industry-wide capacity consolidation, Huaxin will proactively assume the responsibilities of a market leader, safeguarding orderly competition. A recovery in overall industry profitability is essential to delivering sustainable long-term value for shareholders.

2. Accelerating Overseas Capacity Release and Forging a Global Growth Engine

The overseas operation is set for earnings realization.

Operational targets: Ensure the newly built and upgraded projects in Nigeria and Mozambique, along with the expansion projects in Tanzania and Zimbabwe, commence production as scheduled; and strive to achieve overseas cement sales volume exceeding 27 million tons for the full year, with an EBITDA contribution surpassing RMB7 billion.

Strategic intent: By rebalancing the global capacity presence, we aim to mitigate exposure to individual market cycles and position the overseas operations as a key pillar supporting the Company's long-term growth.

3. Driving Extreme Cost Optimization and Digital & Intelligent Transformation to Build a Cost Moat

In the building materials industry, cost leadership underpins pricing power. In 2026, we will drive cost reductions across the entire value chain through micro-innovations in technical parameters and the application of digital and information technologies. Even incremental efficiency gains, when scaled across the world-class production base, will translate into substantial economic value. We will continue to ramp up investment, accelerate the implementation of AI applications across our core businesses, and cement an absolute competitive advantage in the digital arena.

4. We will continuously enhance the alternative fuel substitution rate across all operations, steadily advance the implementation of carbon reduction innovation technology projects, and strive to achieve the goals set forth in the Company's Low-Carbon Development White Paper.

5. Consolidating the Foundation for Sustainable Profitability and Delivering Win-win for All Stakeholders

Guided by the philosophy that "a better world begins with us," the Company will continue to expand its profitability moat through dynamic alignment of stakeholder interests. In an increasingly complex global operating environment, sustained value creation for all stakeholders remains essential to ensuring the long-term stability of global operations and strengthening the Company's resilience in the face of future challenges.

A new chapter has begun, and we are forging ahead with renewed purpose. In 2026, Huaxin will embrace the transformations and opportunities in the global marketplace with a more proactive and open outlook. We extend our gratitude to our shareholders for their enduring trust and look forward to working together to create sustainable long-term value.

Chief Executive Officer Li Yeqing

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INTERPRETATION

Unless otherwise stated, the terms and expressions contained in this report shall have the following meanings:

A Shares	means	Ordinary shares listed on the SSE with a nominal value of RMB1.00 per share in the Company's share capital, subscribed and traded in RMB
Board	means	the board of directors of the Company
China or PRC	means	The People's Republic of China
CSRC	means	China Securities Regulatory Commission
Director(s)	means	the director(s) of the Company
EBITDA	means	Earnings before interest, tax, depreciation and amortization
Ernst & Young Hua Ming	means	Ernst & Young Hua Ming LLP
ESG	means	Environment, social responsibility and governance
Group	means	The Company and its subsidiaries. "subsidiary(ies)" has the meaning ascribed to it under the Listing Rules
H Shares	means	Foreign shares listed on the SEHK with a nominal value of RMB1.00 per share in the Company's share capital, subscribed and traded in Hong Kong dollars
HIAC	means	Huaxin Intelligent Advanced Control
HKEX Listing Rules	means	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Holcim	means	Holcim Limited
Hong Kong	means	Hong Kong Special Administrative Region of China
IT	means	Information technology
KPI	means	Key performance indicators
LAP	means	Lafarge Africa Plc
NGN or Nigerian Naira	means	Legal tender of Nigeria
PRC Accounting Standards	means	Accounting Standards for Business Enterprises of the People's Republic of China
Reporting Period	means	From 1 January to 31 December 2025
RMB or Yuan	means	Renminbi, the lawful currency of the PRC. K Yuan, 10K Yuan, Million Yuan, 100 Million Yuan shall be construed as references to RMB1,000, RMB10,000, RMB1 million, RMB100 million
RMX	means	Ready-mix concrete

INTERPRETATION

Securities and Futures Ordinance	means	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	means	The Stock Exchange of Hong Kong Limited
SSE	means	Shanghai Stock Exchange
SSE Listing Rules	means	Rules Governing the Listing of Shares on the Shanghai Stock Exchange
Supervisor(s)	means	the supervisor(s) of the Company
The Company	means	HUAXIN BUILDING MATERIALS GROUP CO., LTD.

COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(I) COMPANY INFORMATION

Name of the Company in Chinese	華新建材集團股份有限公司
Abbreviation in Chinese	華新建材
Name of the Company in English	HUAXIN BUILDING MATERIALS GROUP CO., LTD.
Abbreviation in English	HX BLDG MAT
Legal Representative	Mr. Li Yeqing

(II) CONTACT PERSONS AND MEANS OF CONTACT

Title	Joint Company Secretary	Securities Affairs Representative
Name	Mr. Ye Jiaying (Secretary to the Board of Directors)	Ms. Wang Xiaoqiong
Contact address	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province
Tel	0086 27 87773898	0086 27 87773898
Fax	0086 27 87773992	0086 27 87773992
E-mail	investor@huaxincem.com	investor@huaxincem.com

(III) BASIC INFORMATION

Registered office of the Company	No. 600, East Daqi Avenue, Huangshi City, Hubei Province
Business address of the Company	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan, Hubei Province
Post code of the Business address	430073
Website of the Company	www.huaxincem.com
E-mail	investor@huaxincem.com

(IV) INFORMATION DISCLOSURE AND AVAILABLE ON DISPLAY

Press designated by the Company for information disclosure	China Securities Journal
Website designated by CSRC to publish the annual report	www.sse.com.cn
Website designated by SEHK to publish the annual report	www.hkexnews.hk
Location where the Company's annual report is available for inspection	Securities and Investor Relations Department of the Company

COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(V) COMPANY'S SHARES

Type	Place of listing	Abbreviation	Stock code
A Shares	SSE	HX BLDG MAT	600801
H Shares	SEHK	HX BLDG MAT	06655

(VI) REGISTRAR FOR SHARE TRANSFER

A Shares registrar and transfer office	China Securities Depository and Clearing Corporation Limited Shanghai Branch
H Shares registrar and transfer office	Tricor Investor Services Limited

(VII) OTHER INFORMATION

Legal advisor as to PRC law	Hubei Sunshine Law Firm 18F, Building 1, Zhengtang IBO Times Square, 9 Huanle Avenue, Hongshan District, Wuhan City, Hubei Province
Legal advisor as to Hong Kong law	Howse Williams 27F, Alexandra House, 18 Chater Road, Central, Hong Kong
Certified Public Accountants (domestic)	Ernst & Young Hua Ming Room 01-12, Level 17, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Avenue, Dongcheng District, Beijing
Authorised Signatory of the accountant	Ms. Fu Yi, Mr. Huang Fujun

(VIII) FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS

1. Major financial information for the three years ended 31 December 2025

Item	2025	2024	Year-on-year change (%) between 2025 and 2024	2023
Revenue	35,348,279,760	34,217,347,727	3.31	33,757,087,272
Net profit attributable to equity shareholders of the Company	2,853,332,040	2,416,280,487	18.09	2,762,116,715
Net profit after extraordinary items attributable to equity shareholders of the Company	2,694,131,224	1,784,428,724	50.98	2,322,113,737
Net cash flow operating activities	6,694,037,666	5,977,317,233	11.99	6,235,555,071

Unit: RMB

COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Table 2

Unit: RMB

Item	31 December 2025	31 December 2024	Year-on-year change (%) between 2025 and 2024	31 December 2023
Net assets attributable to shareholders of the Company	32,061,426,284	30,291,427,176	5.84	28,932,949,847
Total Assets	81,073,095,481	69,512,689,187	16.63	68,747,865,736

2. Key financial ratios for the three years ended 31 December 2025

Unit: RMB

Item	2025	2024	Year-on-year change (%) between 2025 and 2024	2023
Basic earnings per share (RMB/share)	1.37	1.16	18.10	1.33
Diluted earnings per share (RMB/share)	1.32	1.13	16.81	1.32
Basic earnings per share after extraordinary items (RMB/share)	1.30	0.86	51.16	1.12
Weighted average return on net assets (%)	9.05	8.16	Increased by 0.89 percentage points	9.82
Diluted return on net assets after extraordinary items (%)	8.55	6.02	Increased by 2.53 percentage points	8.26

3. Key financial data by quarters in 2025

Unit: RMB

Item	Quarter 1 (January – March)	Quarter 2 (April – June)	Quarter 3 (July – September)	Quarter 4 (October – December)
Revenue	7,161,642,321	8,884,997,866	8,986,249,972	10,315,389,601
Net profit attributable to equity shareholders of the Company	233,909,321	869,575,485	900,315,425	849,531,809
Net profit after extraordinary items attributable to equity shareholders of the Company	235,658,045	834,351,675	865,577,170	758,544,334
Net cash flow from operating activities	-106,157,590	1,729,951,894	1,603,684,334	3,466,559,028

COMPANY PROFILE AND KEY FINANCIAL INDICATORS

4. Extraordinary items and amount

Unit: RMB

Extraordinary items	2025	2024	2023
Profit or loss on disposal of non-current assets, including asset impairment provision written off	81,014,621	742,195,289	417,565,351
Government grants recognized in profit or loss (except for the government grants that are closely related to the ordinary course of business of the Company and received in a certain amount or have continuing effect on profit or loss in accordance with the state's regulations)	154,464,159	162,660,260	130,241,913
Except for those gain/loss relating to the hedging transactions under the Company's ordinary course of business, profit/loss from the change of fair value of financial assets and financial liabilities, and investment income from the disposal of financial assets and financial liabilities in non-financial enterprises	-17,705,080	17,951,953	-3,214,270
Reversal of provisions for impairment of receivables and contract assets that have been separately tested for impairment	11,758,965	12,431,506	8,439,948
Profit on acquiring subsidiaries, associated enterprises and joint ventures when investment cost is less than the fair value of the investee's identifiable net assets	—	—	41,441,891
Other non-operating income or expenses other than the above	-38,087,765	-102,210,658	-63,975,677
Less: effect of income tax	27,781,407	199,304,795	87,939,446
Effect of minority interests	4,462,677	1,871,792	2,556,732
Total	<u>159,200,816</u>	<u>631,851,763</u>	<u>440,002,978</u>

5. Items measured by fair value

Unit: RMB

Item	Opening balance	Closing balance	Change in the period	Impacts on the profits of the period
Financial assets held for trading	31,704,908	1,660,727	-30,044,181	-20,510,380
Receivables financing	511,791,354	488,921,677	-22,869,677	—
Other equity investments	934,524,059	1,169,235,616	234,711,557	19,385,311
Other non-current financial assets	38,143,738	40,984,749	2,841,011	2,841,011
Bonds payable (preferred stock)	149,725,053	152,286,381	2,561,328	2,561,328
Total	<u>1,665,889,112</u>	<u>1,853,089,150</u>	<u>187,200,038</u>	<u>4,277,270</u>

(I) CEMENT

The industry in which the Company operates is the building materials industry.

2025 marked as the concluding year of China's 14th Five-Year Plan. Amid complex changes in the domestic and international economic landscape, China's economy advanced under pressure, achieving new progress in high-quality development. For the year, GDP grew by 5.0% and exceeded RMB140 trillion for the first time, with major economic and social development targets successfully accomplished, marking the successful conclusion of the 14th Five-Year Plan. However, affected by the persistent decline in real estate development investment and the slowdown in infrastructure investment growth, cement demand continued to contract. Total cement output for the year amounted to 1.693 billion tons, representing a year-on-year decrease of 6.9%.

According to statistics from the Information Research Center of the China Cement Association, the clinker capacity utilization rate in 2025 was estimated to be approximately 48%, down by 5 percentage points from 2024. Despite intensified off-peak production, instances of excess production persisted. Coupled with weakening demand from both the real estate and infrastructure sectors, the imbalance between supply and demand in the industry has not been fundamentally alleviated, and operating pressure on enterprises remained elevated. Total industry profit for the year is estimated at approximately RMB28 to 30 billion, representing an increase compared with last year. (Data sources: National Bureau of Statistics of China and China Cement Association)

In July 2025, the China Cement Association issued the "Opinions on Further Promoting the Work of 'Anti-Involution' and 'Stable Growth' for the High-Quality Development of the Cement Industry", calling for the strict implementation of relevant policies, optimisation of industrial structure adjustment, and further promotion of "anti-involution" and "stable growth" to achieve high-quality development in the cement industry. In August 2025, the Ministry of Industry and Information Technology and five other government departments jointly issued the "Work Plan for Stable Growth in the Building Materials Industry (2025-2026)". This plan prioritised "strengthening industry management and promoting survival of the fittest", explicitly prohibiting the addition of new cement clinker production capacity. It stipulated that new construction and renovation projects must formulate capacity replacement plans, and required cement enterprises to complete the formulation of replacement plans for production capacity exceeding their registered capacity by the end of 2025, thereby promoting alignment between actual and registered production capacity. The plan also called for leveraging the role of comprehensive standards for quality, environmental protection, energy consumption and safety to phase out outdated cement capacity in accordance with laws and regulations. Furthermore, the plan proposed implementing an "AI + Building Materials" initiative, establishing smart factories and digital energy and carbon management centers, and carrying out actions to foster "Six-Zero" factories in industries including cement. On the demand side, policies aimed to stimulate consumption of green and high value-added products through measures such as the continued implementation of green building materials subsidy programmes in rural areas, the inclusion of green building materials in the scope of the consumer goods trade-in policy, and the implementation of government procurement policies supporting green building materials.

At the environmental level, in June 2025, the Ministry of Ecology and Environment responded to media inquiries regarding the Opinions on Promoting the Implementation of Ultra-Low Emissions in the Cement Industry, proposing that by the end of 2025, approximately 50% of clinker production capacity in key national air pollution prevention and control regions should complete ultra-low emission retrofits; and by the end of 2028, approximately 80% of national capacity should achieve ultra-low emission upgrades. The policy sets stringent emission concentration limits for particulate matter, sulfur dioxide and nitrogen oxides, and introduces refined requirements covering the entire process, including fugitive emissions from material storage and transportation, as well as the proportion of clean transportation. In November 2025, the Ministry of Ecology and Environment issued the Total Allowance and Allocation Plan for the National Carbon Emissions Trading Market for the Steel, Cement and Aluminum Smelting Industries for 2024 and 2025, marking the official launch of the national carbon emissions trading scheme for the cement industry. Carbon emission costs have since been incorporated into the core considerations of enterprise production and operations. The framework establishes a free quota allocation mechanism based on carbon emission intensity control, which is expected to have a profound impact on companies' technological pathways and cost structures.

COMPANY BUSINESS

The above policies constitute a comprehensive policy package characterized by “strict prohibition of new capacity, elimination of outdated capacity, strengthened green constraints and market-based guidance.” This signals the industry’s departure from the old cycle driven primarily by scale expansion and price competition, and its entry into a new phase centered on capacity rationalization, cost restructuring and green premium. Against this backdrop, the core competitiveness of cement enterprises has shifted from resource endowment and scale advantages to capabilities in technology, energy efficiency, environmental performance and industrial chain synergies. Industry differentiation and consolidation are expected to accelerate comprehensively, with high-quality development becoming the key pathway forward.

According to the Cement Clinker Capacity Top 100 Ranking published by China Cement Net, as at the end of 2025, the Company ranked fourth globally in terms of clinker capacity among Chinese cement enterprises. Among these, the Company ranked sixth domestically in China for clinker capacity, and first domestically for overseas clinker capacity.

(II) MAIN BUSINESS AND OPERATION MODEL OF THE COMPANY

1. Main business of the Company

At the inception of our Company’s listing, we were specialized in cement manufacturing and sales, cement technical services, research, manufacturing, installation, and maintenance of cement equipment, and cement import-export trade. Over the past two decades, the Company has implemented strategies for integrated development, environmental transformation, overseas development, and expansion to new building material. It has successively added production and sales of ready-mixed concrete, aggregates, and cement-based high-tech building materials. It has also ventured into environmental businesses such as cement kiln co-processing of wastes, domestic and international cement engineering general contracting, and equipment and engineering contracting for cement kiln co-processing technology. From being a local cement plant, the Company successfully developed into a global building materials group with business coverage in 17 provinces/municipalities directly under the Central Government/autonomous regions domestically and 22 countries overseas, boasting over 300 subsidiary companies. Its business spans the integrated development of the entire industry chain, including cement, concrete, aggregates, environmental protection, equipment manufacturing, engineering, and new building materials.

The Company is ranked among the Top 500 Chinese Manufacturing Enterprises and the Fortune China 500 Enterprises. As of the end of 2025, the Company has a total production capacity including: Cement capacity of 138 million tons/year (grinding capacity, including capacity from joint ventures), cement equipment manufacturing capacity of 50,000 tons/year, ready-mixed concrete capacity of 46,314 cubic meters/hour (including OEM capacity), aggregate capacity of 292 million tons/year, comprehensive environmental wall material production capacity of 660 million pieces/year, autoclaved aerated concrete products (such as bricks and panels) capacity of 950,000 cubic meters/year, mortar production capacity of 1.66 million tons/year, ultra-high performance concrete capacity of 400,000 tons/year, civil curtain wall hanging board capacity of 800,000 square meters/year, industrial anticorrosive tile capacity of 3 million square meters/year, lime production capacity of 830,000 tons/year, cement packaging bag production capacity of 700 million units/year, and waste disposal capacity of 18.81 million tons/year (including projects that have received environmental impact assessment approval but have not yet been put into operation).

As of the end of 2025, the revenue attributed by the cement business accounted for approximately 60% of the total income of the Company, occupying a dominant position among all the Company’s businesses, while the share of non-cement business has been gradually improving and has become significant contributors to the Company’s profits.

2. Operation model of the Company

Model of management

The Company has established the organization into three sectors of business operation, business management and business support, which aligns with its goal of building a globally leading multinational building materials enterprise. Through clearly defining the responsibility, this structure continues to enhance the efficiency of management and decision-making. Domestic bases/industrial parks and overseas countries, as key components of business operations, serve as the cornerstone for implementing the company's business portfolio strategy and achieving performance growth.

Model of production

Production of the Company adopts a production organization method based on sales volume. Business operation units formulate annual production and operation plan and organize the production based on the demand in their respective regions.

Model of sale

The Company implements a marketing model, in which the headquarter of the Company leads and directly operates certain core areas, industrial parks and factory bases as units for operation and management, with equal emphasis on direct sales and distribution. With the pursuit of quality as the core, the Company strives to promote its brand and maintain its value so as to improve competitiveness in the market.

Model of procurement

The Company initiated the procurement strategy of "Unified Procurement + Intelligent Procurement". Important raw materials and fuels are procured by the headquarters collectively. The Company continues to develop and maintain direct supply of strategic resources. All the office supplies, IT consumables and some industrial products are procured under "internal framework agreement + external e-commerce channel" to realize one-stop self-procurement; Raw materials, fuels, auxiliary materials and spare parts that are yet to be included in the scope of Unified Procurement and Online Procurement are procured through a standard and process-oriented digital platform of the headquarters for public, transparent and standard procurement.

(III) COMPETITIVE STRENGTH DURING THE REPORTING PERIOD

Established in 1907, the Company enjoys a long history and profound cultural heritage and it is one of the top 100 large scale companies listed in "China's 500 Most Valuable Brands". By unswervingly taking efforts in management and technology innovation and scientific development, the Company has always been one of the most influential enterprises in the building materials industry with strong comprehensive competitiveness. Core competitiveness of the Company is reflected as follows:

1. Advantages in strategy layout

Since being listed on SSE, through continuous mergers and acquisition, the Company is now equipped with 138 million tons of capacity across 17 provinces and cities in China and in 14 overseas countries including Tajikistan, Kyrgyzstan, Uzbekistan, Cambodia, Nepal, Tanzania, Zambia, Malawi, South Africa, Mozambique, Oman, Zimbabwe, Brazil and Nigeria. Domestically, manufacturing plants are mostly located along Yangtze River economic belt, key areas or hot spots in the west where economy is vibrant and market demand can be guaranteed. For overseas plants of the Company, they are dispersed in countries along the Belt and Road Initiative that have good friendship with China. In the meantime, the choice of location abides by the principle of "guaranteed resources, convenient traffic and potential in market growth". Business layout, concentration and synergy of market layout have formed the Company's own strategic advantages.

COMPANY BUSINESS

2. Advantages in the industry chain competition

Relying on the major business of cement, the Company has steadily developed concrete, aggregate, eco wall material, cement equipment and engineering, cement-based new building materials and eco business relied on cement kiln co-processing, realizing vertically integral development earlier than other companies and forming coordinated competitiveness of synergy in both upstream and downstream whole industry chain.

3. Advantages in green and low carbon development

The Company is committed to the mission of “clean the living environment, provide reliable building materials” and the concept of whole lifecycle green low-carbon building material, taking “be the leader of earning index in low-carbon and sustainable industry” as the strategic goal of the Company. Through extensive use of alternative raw fuels, green mines, the improvement of the intelligent level of industrial system, and the pilot projects of co-generation of heat and carbon reduction for integrated projects such as cement-aggregate-wall materials, the company has deployed carbon reduction practices in advance, forming a green, low-carbon advantages.

As of the end of 2025, the Company has cumulatively and safely utilized approximately 28 million tons of waste-derived alternative fuels. The proportion of kiln lines in China achieving benchmark comprehensive energy consumption levels has reached 40%. 25 plants were recognized as National Green Factories, 9 plants were recognized as Provincial Green Factories, accounting for 59.5% and 21.4% respectively.

4. Advantages in technology innovation

The Company has upheld the concept of “Development Driven by Innovation, Leading at the Front of the Industry”. Starting from industry practical application and combining introduction and self-development, the Company has established a complete set of full-fledged technology innovation system and cultivated a strong and professional technology R&D team which maintains its leading place in technology innovation. The Company now has the overall contracting capacity in R&D, designing, manufacturing, installation, commissioning and “Turnkey Projects” of cement production facilities. It also has the capacity of exploring technology in cement kiln co-processing of wastes, as well as the capacity of applying the relevant technologies into industrial production practice. At the same time, relying on the industry-leading research and development team and platform, the Company actively expands various new low-carbon building materials products, especially in the field of ultra-high-performance concrete (UHPC) products. By deepening research into application scenarios, the Company has successfully developed the Ductal series products. These products have been commercially applied in four major engineering fields: bridges and tunnels, industrial corrosion protection, architectural decoration, and anti-impact and wear resistance.

The Company was awarded the National Science and Technology Progress Award (Second Prize) (the first batch of entities to finish the award) in 2009 and 2016. As of the end of 2025, the Company obtained 164 patents for authorized invention and 130 patents of utility model. The project “Key Technologies for Rheological Disaster-Causing Mechanisms and Dynamic Prevention and Control of High Steep Slopes with Inclined Weak Interlayers in Mines”, jointly submitted by the Company and Wuhan University of Science and Technology and other entities, was awarded the Second Prize of the 2025 Hubei Provincial Science and Technology Progress Award.

5. Advantages in trademark and brand

“Huaxin Castle” is a Chinese well-known trademark owned by the Company, and it is one of the oldest cement brands in China. The century-old trademark and brand are well-known and highly recognized in the industry.

In 2025, the Company ranked 35th in Top 100 Hubei Enterprises, 12 in Top 100 Hubei Manufacturing Enterprises. In terms of brand establishment, the Company ranked the 79th in the Top 500 Chinese Most Valuable Brands, with brand value elevating to RMB116.982 billion. In the meantime, the Company was selected in Asia Brands Top 500 for 10 years in a row, ranking 159th. Additionally, the Company was shortlisted in the “2025 China Top 200 Private Enterprises” and the “2025 China Top 500 Private Manufacturing Enterprises”.

6. Advantages in the tradition of quality product

The Company was selected as one of the national “Quality Model” Enterprises. The Company was the first in cement industry that passed the certification of the GB/T19001 – ISO9001 Quality Management System. All 15 types of cement products were in the roll of the first batch of National Quality Inspection-Free Products and the quality of its cement products has been among the best in the national cement quality competition. The cement products of the Company have been used as building materials in construction of the national landmark buildings and key projects such as the Great Hall of the People, Wuhan Yangtze River Bridge, Jingzhu Expressway, Qinghai-Tibet Railway, Three Gorges Dam, and Xiluodu, Baihetan Hydropower Plants have won widespread acclaim.

7. Leading advantage in intelligent management

For over 20 years, the Company has tirelessly explored the path of information and technology development. By vigorously promoting the development strategy of “traditional industry + digital innovation”, focusing on three closed loops of “industrial intelligence, business intelligence, and management intelligence”, and concentrating on cost reduction, risk prevention, and efficiency improvement, the Company has successfully constructed significant projects such as the cement low-carbon manufacturing intelligent system, the overseas basic digital system, strategic support system for Yangtze River integration, and aggregate intelligent production system, which have effectively supported the execution of the Company’s strategies.

During the reporting period, the Company and its subsidiaries received multiple recognitions at the national, provincial and municipal levels: Chongqing Huaxin Diwei Cement Co., Ltd., Huaxin Cement (Sangzhi) Co., Ltd. and Huaxin Cement (Huangshi) Co., Ltd. were included in the 2025 National Energy Efficiency “Front-runner” List for key industries; the Company’s “Low-carbon Smart Factory for the Whole Cement Process” project was rated among the first batch of national excellence-level smart factories. In addition, Chongqing Huaxin Diwei Cement Co., Ltd.’s “Basic-level Smart Factory for Water Washing and Salt Extraction Production” was included in the 2025 Chongqing Municipal Smart Factory List; Huaxin Cement (Sangzhi) Co., Ltd. was also included in the 2025 Hunan Provincial Advanced-level Smart Factory List.

8. Advantages in professional, stable and efficient management team

Top management’s leadership is the key to the Company’s strategy success. Huaxin is equipped with a management team with advanced concept, good at learning, execution and stability. Most of them have over 20 years of experience in the industry.

DIRECTORS' REPORT

The Board of Directors presents the directors' report and the audited financial statements of the Group for the year ended 31 December 2025 as set out on pages 105 to 277.

(I) INVESTMENT DURING THE REPORTING PERIOD

1 Analysis of foreign equity investment

Unit: RMB

Item	Amount for current period	Amount for same period of last year	Changes (%)
Other equity investments	1,169,235,616	934,524,059	25.12
Other non-current financial assets	40,984,749	38,143,738	7.45
Long-term equity investments	588,300,772	584,752,454	0.61

2 No changes in the scope of consolidation that was led by the changes in the equity of major subsidiaries during the Reporting Period

3 Financial Assets valued by fair value

Unit: RMB

Project name	Original investment	Profit or loss in the fair value during the period	Accumulated change in fair value counted in equity	Impairment provision for the period	Purchased amount during the period	Sold/redeemer amount for the period	Other changes	Amount at the end of the period
Share	38,143,738	2,841,011	—	—	—	—	—	40,984,749
Others	31,704,908	-20,510,380	—	—	1,010,000,000	1,040,000,000	-20,466,199	1,660,727
Total	69,848,646	-17,669,369	—	—	1,010,000,000	1,040,000,000	-20,466,199	42,645,476

4 Major subsidiaries and associated companies

Unit: RMB

Company name	Major product and service	Registered capital	Total assets	Net assets	Net profit	Operating revenue
Lafarge Africa Plc (Nigeria)	Production and sales of cement	Nigerian Naira 8,000,000,000	7,327,290,358	4,333,111,878	429,816,876	1,805,426,738
Huaxin Cement (Wuxue) Co., Ltd.	Production and sales of cement	300,000,000	3,532,796,611	1,869,201,546	2,094,267,886	466,685,878

(II) PROFIT DISTRIBUTION POLICY AND ITS IMPLEMENTATION

1 The formulation and implementation of cash dividend policy

On 27 May 2025, the 2024 Profit Distribution Plan was approved on the Annual General Meeting 2024 of shareholders. On the basis of the total 2,078,995,649 shares at the end of 2024, a cash dividend of RMB0.46 per share (incl. tax) was distributed to all shareholders, hence RMB956,337,998.54 were distributed, and the remaining balance was transferred to undistributed profit. There will be no capital reserve to be converted into share capital for 2024.

DIRECTORS' REPORT

On 29 May 2025, the Company published the announcement “Distribution of Final Dividend for the Year Ended 31 December 2024”. On 16 June 2025, the Company published the announcement “2024 Profit Distribution Announcement for A shares”, clarifying the implementation of A share and H share dividend respectively.

The profit distribution plan of 2024 has not been modified. The profit distribution plan was implemented on 25 July 2025.

2 Profit distribution plan for 2025

In 2025, the Parent Company achieved a net profit of RMB2,317,769,722, and the net profit attributable to the parent company's shareholders after consolidation was RMB2,853,332,040. As of December 31, 2025, the distributable profit of the parent company was RMB11,403,847,325.

The board of directors proposes: Based on the total shares of the company at the end of 2025 of 2,078,995,649 shares, a cash dividend of RMB0.55 per share (including tax) will be distributed to all shareholders, totaling RMB1,142,571,087 (accounting for 40.04% of the net profit attributable to the parent company's shareholders after consolidation), with the remaining balance carried forward to undistributed profits. Among them, the company had distributed cash dividends for the first three quarters of 2025 at 0.34 yuan per share in December 2025, totaling RMB705,982,001 in cash dividends for the first three quarters (2,578,000 A-shares in the company's repurchase-specific securities account did not participate in this profit distribution). The proposed final cash dividend is based on 2,078,995,649 shares, with 0.21 yuan per share, totaling RMB436,589,086. No capital reserve will be converted into share capital this year.

The profit distribution plan is subject to consideration and approval at the 2025 annual general meeting of the Company (the “AGM”). Notice of the 2025 AGM will be published in due course to announce the date of 2025 AGM and the related closure of register of members for H Shares arrangements and the arrangement of closure of register of members for H Shares for the final dividend.

(III) DIVIDENDS

The Board of Directors proposed to distribute a final dividend of RMB0.21 (tax inclusive) per share for 2025, subject to the approval at the 2025 AGM. The above proposed final dividends are expected to be paid to the shareholders of the Company before 24 July 2026.

(IV) TAXES

Details of taxes are set out in Note IV “Taxes”, in Notes 19, 26, 45 and 57 in V. “Notes to Major Items in the Consolidated Financial Statements” of the financial statements prepared in accordance with the PRC Accounting Standards.

(V) MAJOR CUSTOMERS AND SUPPLIERS

1 Customers

Sales to the top 5 customers amounted to approximately RMB126,721 million, representing approximately 3.6% of the annual total sales for the year ended 31 December 2025. No related-party transaction was in the total top 5 customers' sales, accounting for 0% of the annual total sales.

During the Reporting Period, the Company did not sell more than 50% of the annual total sales to a single client or rely heavily on a few customers.

DIRECTORS' REPORT

2 Suppliers

Procurement amount of the top 5 suppliers amounted to approximately RMB171,277 million, representing approximately 9.2% of the annual total purchases. No related-party transaction was included in the total top 5 suppliers' purchases, accounting for 0% of the annual total purchases.

During the Reporting Period, the Company did not purchase more than 50% of the annual total purchases from a single supplier or rely heavily on a few suppliers.

None of the Group's Directors or their respective close associates (as defined in the HKEX Listing Rules) or shareholders of the Company (who or which to the best knowledge of the directors of the Company) holding more than 5% of the Company's issued shares had any interest in the Group's top 5 customers or suppliers for the year ended 31 December 2025.

(VI) R&D EXPENSES

	Unit: RMB
R&D expenses calculated as expenses	246,224,165
R&D expenses calculated as capital expenditure	11,177,182
Total R&D expenses	257,401,347
% in operating revenue	0.73
% of capitalized R&D expenses	—

(VII) LAND LEASE, REAL ESTATE, FACTORY AND EQUIPMENT

Changes in land lease, real estate, factory and equipment of the Company for the year ended 31 December 2025 are set out in Note V (15) to the financial statements prepared in accordance with the PRC Accounting Standards.

(VIII) TOTAL ASSETS

The total assets of the Group as of 31 December 2025 determined in accordance with the PRC Accounting Standards were approximately RMB81.07 billion, representing an increase of approximately RMB11.56 billion as compared to that as at 31 December 2024.

(IX) RESERVES

Changes in various reserves of the Company during the year ended 31 December 2025 are set out in Note V (37) to (43) to the financial statements prepared in accordance with the PRC Accounting Standards.

As at 31 December 2025, an amount of approximately RMB27,208,717,454 standing to the credit of the Company's reserve account is available for distribution.

(X) DEPOSITS, LOANS AND CAPITALIZED INTERESTS

Details of the Group's loans as of 31 December 2025 are set out in Note V (21), (28) and (29) to the financial statements prepared in accordance with the PRC Accounting Standards. The Group's depository banks as at 31 December 2025 were all commercial banks with good credit standing. The Group did not have any fixed time deposits that cannot be withdrawn due to maturity. During the Reporting Period, the capitalized interest of construction in progress was RMB0.14 million. Details are set out in Note V (14) to the financial report prepared in accordance with the PRC Accounting Standards.

DIRECTORS' REPORT

(XI) EXCHANGE RATE RISK AND RELATED FINANCIAL INSTRUMENT HEDGING

The Group has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its foreign currency borrowings.

The Financial Department of the Group's headquarters is responsible for monitoring the scale of the Group's foreign currency transactions, foreign currency assets and liabilities, so as to minimize the foreign exchange risks it faces. The Group may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts. In 2025, the Group signed some forward foreign exchange contracts.

(XII) BUSINESS REVIEW, OUTLOOK AND MAIN RISK FACTORS

For the Group's business review, outlook for 2026 and main risk factors, please refer to the sections "III. Company Business" and "V. Management Discussion and Analysis on the Operations of the Company" of this annual report.

(XIII) SUFFICIENT PUBLIC FLOAT

Based on the public information obtained by the Company and to the best knowledge of the Directors, the Board of Directors confirmed that the Company maintained sufficient public float as at the date of this report (5% of the total number of issued shares in the class to which the listed H shares belong (excluding treasury shares)).

(XIV) COMPLIANCE WITH LAWS AND REGULATIONS

As a public company listed in the Mainland China and Hong Kong, the Company formulates and continuously improves its rules and regulations in strict accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies in China, Corporate Governance Code as stipulated in Appendix C1 to HKEX Listing Rules and other applicable laws and regulations of domestic and overseas listing venues, as well as requirements of relevant documentation and the provisions of the Articles of Association of the Company to standardize the operation of the Company and continuously maintain and improve the Company's market image.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

(I) OVERVIEW OF OPERATION DEVELOPMENT

2025 marked a pivotal year in which the Company achieved breakthrough progress in advancing its four core development strategies. Amid declining demand and intensifying competition in China's building materials industry, the Company maintained strategic resolve, accurately assessed the evolving landscape, and further accelerated its global footprint with a "global vision." Guided by an "integrated value chain mindset," the Company deepened business synergies, sharpened its focus on low-carbon, intelligent and high-end new materials through "hard technology," and reinforced its people-centric approach to unite and empower its workforce. Despite the continued downturn in domestic industry conditions, the Company achieved breakthrough progress in its overseas business, with aggregate production and sales volumes reaching new record highs and maintaining the No.1 position nationwide. Ready-mixed concrete remained among the top five nationwide. The Company delivered industry-leading operating performance, with sustained enhancement in growth momentum and profitability, opening a new chapter in its global development.

Renaming to reflect strategic positioning and outline a new blueprint for future development.

During the Reporting Period, the Company was renamed as "Huaxin Building Materials Group Co., Ltd.," signifying an important milestone in accelerating the establishment of a "global group + multi-brand" collaborative brand framework. The renaming reflects the Group's strategic vision to transform from a "supplier of basic building materials" into a "provider of comprehensive building materials solutions across all scenarios."

Significant breakthroughs in overseas multi-business development, with diversified expansion enhancing sustainable competitiveness.

During the Reporting Period, with the completion of upgrade projects at the Simuma plant in South Africa and the Ndola plant in Zambia, the commissioning of the clinker production line at the Balaka plant in Malawi, and the acquisition of Lafarge Africa Plc in Nigeria, the Company's overseas cement operating and under-construction capacity exceeded 40 million tons, making it the cement company with the largest overseas capacity among Chinese peers. In addition, following the acquisition of the EMBU aggregate project in Brazil with an annual capacity of 8.8 million tons, the successive commissioning of mortar plants in Tanzania, Zambia, Zimbabwe and Mozambique, the global debut of the Company's new overseas mortar sub-brand "Newta" in Tanzania, and the successful maiden voyage of the Company's first self-owned international cargo vessel to Mozambique, the Company achieved breakthrough progress in diversified overseas development.

During the Reporting Period, all overseas regions recorded business growth to varying degrees. Overseas cement sales volume reached 20.30 million tons, up by 25% year-on-year. Revenue amounted to RMB11.8 billion, up by 48% year-on-year, while net profit increased over 50% year-on-year.

Enhancing operational efficiency through integrated synergies and resource optimization.

During the Reporting Period, the cement and clinker business demonstrated strong resilience. Domestic cement and clinker sales volume amounted to 41.65 million tons, representing a small decline than the national industry average. Aggregate production reached 219 million tons, representing a year-on-year increase of 5.15%, while external sales volume reached 161 million tons, representing a year-on-year increase of 12.19%. Both production and sales volume reached record high, and the Group maintained its leading position nationwide in the aggregate industry. The accounts receivable maintained within annual control targets, and EBITDA from market-oriented concrete operations recorded year-on-year growth. In addition, the aggregate production line of the Group's subsidiary, Fuling company with an annual capacity of 3 million tons commenced operation, providing new momentum for the integrated development of the Chongqing production base.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Advancing carbon management initiatives to strengthen green and low-carbon competitiveness.

During the Reporting Period, the Group completed carbon emissions audits for 23 kiln-line plants in compliance with the new national carbon market requirements. 13 plants were recognized as national energy efficiency leaders, ranking first in the industry by number, while 6 plants were rated Grade B for environmental performance. 3 subsidiaries (Diwei company, Sangzhi company and Huangshi company) ranked among the top 3 clinker producers in the “2025 Key Industry Energy Efficiency Leader Enterprises List.” The Group actively promoted the use of new energy vehicles across its domestic and overseas operation subsidiaries in Mozambique, Malawi, Zimbabwe, South Africa, Brazil, Kyrgyzstan and Tanzania, with logistics volume transported by new energy vehicles reaching 100 million tons during the year. The Company also led the development of four Carbon Metering Technical Specifications for the cement industry in Hubei Province and participated in the formulation of 45 related standards, promoting the development of low-carbon standards in the industry and contributing Huaxin’s strengths and expertise to energy conservation and carbon reduction.

Continuously advancing digitalization and intelligent transformation to empower efficient global operations and domestic upgrading.

During the Reporting Period, the Company established an “ERP+” risk control system and a global operations and maintenance system, supporting the acquisition and integration of Lafarge Africa Plc and timely solving the operational issues. Multiple AI applications, including video-based parcel counting and AI-enabled stack counting, were deployed. An AI foundational platform and enterprise-level intelligent knowledge hub were established, empowering enterprise value through digitalization. The HIAC industrial intelligence system covered 28 plants, with an operational rate of 96%. During the year, the Company’s “Low-Carbon Intelligent Cement Full-Process Plant” project was selected as one of the Ministry of Industry and Information Technology’s first batch of exemplary intelligent factories. The new energy vehicle project was recognized as a “National Benchmark Enterprise for New Energy Logistics Applications in 2025,” and the hazardous waste intelligent management project was selected as a typical case of digital-real economy integration by the Ministry of Industry and Information Technology.

Adhering to innovation-driven development, cultivate new growth drivers.

During the Reporting Period, the Company was granted 65 invention patents and 9 utility model patents granted during the year. The Company successfully developed a new ultra-high-strength, ultra-high-toughness cement-based composite material, achieving the organic integration of ultra-high strength and ultra-high toughness in concrete, with multiple key performance indicators reaching internationally leading levels. Breakthroughs were also achieved in engineering materials technology, enabling the application of C70 and C80 high-grade concrete in super high-rise buildings.

Enhancing cost benchmarking and management innovation to enhance cost competitiveness and resilience.

During the Reporting Period, the Company achieved significant cost reductions and efficiency enhancement through benchmarking initiatives against industry and internal standards, technological upgrades and efficiency improvement in overseas plants, procurement bidding optimization, reduced thermal consumption, mining process improvements, and expanded use of new energy vehicles. Cement cost decreased by 3.27% year-on-year. Aggregate cost decreased by 5.20% year-on-year, and concrete cost decreased by 7.88% year-on-year. As a result of effective cost control, cement gross profit margin increased by 9.35 percentage points year-on-year to 32.72%. Concrete business gross margin increased by 3.44 percentage points year-on-year to 15.46%. The aggregate business gross margin was 43.01%, but remained at a relatively high level.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Actively implementing ESG principles and gaining broad social recognition.

In 2025, the Company was awarded the title of “Hubei Guangcai Enterprise (2024–2025),” received the highest ESG rating of “A+” in China’s building materials industry from the China Building Materials Federation, and was selected as the only cement industry case in the Ministry of Ecology and Environment’s 2025 ESG case collection. The Company was also recognized as a “Best ESG Employer in China” by Aon Group, received a “AAA-Stable” credit rating from China Chengxin International Credit Rating Co., Ltd. and a “Baa2-Stable” rating from Moody, and won the “Golden Information Disclosure Award” at the China Securities Journal Golden Bull Awards. It was also recognized as an “Outstanding Board Practice Case” by the China Association for Public Companies. Mr. Li Yeqing, CEO of the Company, was honored with titles including “Outstanding Builder of Socialism with Chinese Characteristics,” “Jingchu Role Model,” and “Top Ten News Figures in the Building Materials Industry in 2024.” The Company’s distinct advantages in “integrated development” and “overseas multi-business expansion” were highly recognized by the capital market. During the year, the Company’s market capitalization increased by 108% to RMB45billion, and both its H shares and A shares recorded the highest share price increases among comparable listed cement-focused companies in China.

(II) MAJOR OPERATING INFORMATION DURING THE REPORTING PERIOD

1 Principal operations

Changes of Items in the Income Statement and Cash Flow Statement

Unit: RMB

Item	2025	2024	Changes (%)
Operating revenue	35,348,279,760	34,217,347,727	3.31
Operating costs	24,666,258,743	25,770,521,841	-4.28
Selling expenses	1,715,236,041	1,499,740,302	14.37
Administrative expenses	2,223,702,624	1,880,021,968	18.28
Financial expenses	833,531,493	686,475,224	21.42
R&D expenses	246,224,165	238,744,439	3.13
Net cash flow from operating activities	6,694,037,666	5,977,317,233	11.99
Net cash flow from investing activities	-8,750,680,512	-3,672,026,564	-138.31
Net cash flow from financing activities	2,756,449,246	-1,472,260,983	287.23

Note:

Net cash outflow from investing activities increased by RMB5.078 billion during the Reporting Period compared with last year, mainly due to increased payments for M&A consideration related to aggregates in Nigeria and Brazil.

Net cash outflow from financing activities decreased by RMB4.229 billion during the Reporting Period compared with last year, mainly due to M&A loans increased.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

2 Analysis of revenue and cost

Major performance by products

Unit: RMB

Major business performance by products						
Product	Operating revenue	Operating costs	Gross profit margin %	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin (%)
Cement	20,587,005,554	13,676,267,831	33.57	14.18	-0.52	Increased by 9.82 percentage points
RMX	7,182,634,659	6,072,491,147	15.46	-14.65	-17.98	Increased by 3.44 percentage points
Aggregate	5,482,908,118	3,124,767,646	43.01	-2.82	6.35	Decreased by 4.91 percentage points
Commercial clinker	698,459,814	644,521,373	7.72	-8.14	-1.15	Decreased by 6.53 percentage points
Others	1,397,271,615	1,148,210,746	17.82	2.04	11.62	Decreased by 7.06 percentage points
Total	35,348,279,760	24,666,258,743	30.22	3.31	-4.28	Increased by 5.53 percentage points

Major business performance by geographical locations

Unit: RMB

Major business performance by products						
Product	Operating revenue	Operating costs	Gross profit margin %	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin (%)
East China Region	6,260,195,458	5,001,365,275	20.11	-6.58	0.00	Decreased by 5.26 percentage points
Central China Region	9,503,577,822	7,051,148,174	25.81	-14.41	-20.34	Increased by 5.53 percentage points
South China Region	471,187,046	469,686,577	0.32	-7.71	-15.47	Increased by 9.16 percentage points
South West China Region	7,308,962,915	5,290,065,879	27.62	-6.99	-11.59	Increased by 3.77 percentage points
Overseas	11,804,356,519	6,853,992,838	41.94	46.76	27.44	Increased by 8.81 percentage points
Total	35,348,279,760	24,666,258,743	30.22	3.31	-4.28	Increased by 5.53 percentage points

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Analysis of output and sales volume

Product	Unit	Output	Sales		Output	Sales volume	Inventory
			volume	Inventory	change over last year (%)	change over last year (%)	change over last year (%)
Cement	10,000 tons	6,386	5,831	158	0.65	2.26	1.28
Clinker	10,000 tons	4,929	365	206	2.16	12.65	-21.07
Aggregate	10,000 tons	21,893	16,069	516	5.15	12.19	27.72
RMX	10,000 m ³	2,832	2,832	—	-10.96	-10.96	—

During the Reporting Period, operating revenue increased by RMB1.13 billion year-on-year. The sales volume of cement and clinker increased by 1.69 million tons (2.8%) with the sales revenue increased by RMB2.49 billion (13.3%). The sales volume of ready-mix concrete (“RMX”) decreased by 3.49 million cubic meter (-11.0%) with the sales revenue decreased by RMB1.23 billion (-14.6%). The sales volume of aggregate increased by 17.46 million tons (12.2%) with the sales revenue decreased by RMB0.16 billion (-2.8%).

During the Reporting Period, operating cost decreased by RMB1.10 billion as compared to last year, including a decrease in the sales volume of RMX, with a cost decrease of RMB1.33 billion.

By regions, the decline in domestic cement and clinker sales has led to a decrease in operating revenue in all regions. However, with the completion of overseas mergers and acquisitions and equipment upgrades, overseas revenue has increased by 48%.

Analysis of costs and expenses

Costs by products in 2025 and the changes as compared to 2024

Product	Cost item	Current period amount	Proportion of the total cost (%)	Same period of last year	Proportion of the total cost (%)	Unit: RMB
						Change over the same period of last year (%)
Cement	Raw materials	2,321,495,224	17.0	1,377,501,642	10.0	68.5
	Fuel and power	6,447,261,347	47.1	7,364,297,544	53.6	-12.5
	Depreciation and amortization	1,377,260,120	10.1	1,375,815,703	10.0	0.1
	Labor and Others	3,530,251,140	25.8	3,630,174,175	26.5	-2.8
Clinker	Raw materials	37,542,701	5.8	34,911,356	5.4	7.5
	Fuel and power	380,391,330	59.0	407,494,731	62.5	-6.7
	Depreciation and amortization	67,638,915	10.5	66,595,611	10.2	1.6
RMX	Labor and Others	158,948,427	24.7	143,026,743	21.9	11.1
	Raw materials	4,320,848,092	71.2	5,312,994,461	71.8	-18.7
	Fuel and power	49,564,384	0.8	52,441,648	0.7	-5.5
	Depreciation and amortization	309,048,514	5.1	353,981,124	4.8	-12.7
Aggregate	Labor and Others	1,393,030,156	22.9	1,684,567,097	22.8	-17.3
	Raw materials	911,679,389	29.2	541,376,030	18.4	68.4
	Fuel and power	270,654,819	8.7	289,573,225	9.9	-6.5
	Depreciation and amortization	441,594,704	14.1	604,326,731	20.6	-26.9
	Labor and Others	1,500,838,734	48.0	1,502,796,747	51.1	-0.1

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Changes in major expense items prepared in accordance with the PRC Accounting Standards

Unit: RMB

Items	2025	2024	Changes (%)
Selling expenses	1,715,236,041	1,499,740,302	14.37
Administrative expenses	2,223,702,624	1,880,021,968	18.28
Financial expenses	833,531,493	686,475,224	21.42

3 Profitability

Unit: RMB

Items	2025	2024	Changes (%)
Operating profit	5,007,645,640	4,223,787,895	18.56
Profit before tax	4,950,235,931	4,111,907,292	20.39
Net profit attributable to shareholders of the Company	2,853,332,040	2,416,280,487	18.09

During the reporting period, the Group's overseas business continued to scale up. Domestically, benefiting from lower fuel costs and intensifying measures of various cost-reduction and efficiency-enhancement, the unit profitability of major products recovered. Total profit increased by RMB840 million compared with the same period last year, of which net profit attributable to shareholders of the Company increased by RMB440 million.

4 Financial positions

Assets and Liabilities

Unit: RMB

Item	31 December 2025	% in the total assets	31 December 2024 (Restatement)	% in the total assets	Change over the 31 December 2024 (%)	Remarks
Financial assets held for trading	1,660,727	—	31,704,908	0.05	-94.76	Purchase of money market funds
Notes receivable	618,259,255	0.76	202,597,711	0.29	205.17	Increase in note collections
Other receivables	784,090,473	0.97	1,237,502,508	1.78	-36.64	Receipts from disposal of assets
Other current assets	825,399,926	1.02	616,550,620	0.89	33.87	Increase of overseas M&A
Long-term receivables	27,291,183	0.03	46,718,185	0.07	-41.58	Increase of overseas M&A
Goodwill	4,353,990,320	5.37	1,209,007,806	1.74	260.13	Increase of overseas M&A
Other non-current assets	1,453,712,611	1.79	499,096,806	0.72	191.27	Increase of overseas M&A
Short-term borrowings	568,934,645	0.70	296,807,055	0.43	91.69	Adjusting debt structure
Contract liabilities	1,295,767,010	1.60	715,946,303	1.03	80.99	Increase of overseas M&A
Taxes and surcharges payable	1,306,360,135	1.61	755,744,542	1.09	72.86	Increase of overseas M&A
Long term borrowings	13,215,254,559	16.30	9,598,770,711	13.81	37.68	Additional acquisition loans raised overseas
Debentures payable	5,243,954,003	6.47	2,445,745,035	3.52	114.41	Issuance of high growth industry debentures and technology and innovation debentures
Long-term payables	1,089,119,472	1.34	836,919,326	1.20	30.13	Increase of financial leasing
Provisions	1,320,989,931	1.63	917,006,487	1.32	44.05	Increase of mining restoration provision
Deferred tax liabilities	2,491,502,397	3.07	1,109,442,589	1.60	124.57	Increase of overseas M&A
Minus-Treasury shares	98,083,202	0.12	64,638,011	0.09	51.74	Additional equity incentive
Other comprehensive incomes	115,309,695	0.14	-484,891,409	-0.70	123.78	Foreign currency translation and changes in fair value of equity instrument investments

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Breakdown of major assets as at the end of the Reporting Period

	Unit: RMB
Cash and bank balances	522,452,105
Fixed assets	5,079,845
Intangible assets	7,637,957
Accounts receivable	1,000,000

Funding sources

An analysis of the Company's bank loans at the end of the Reporting Period is as follows:

	Unit: RMB	
<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
Within 1 year	4,144,568,236	3,388,952,220
1-2 years	3,735,087,117	3,412,692,610
2-5 years	7,900,910,642	5,779,719,351
Over 5 years	1,579,256,800	406,358,750
Total	<u>17,359,822,795</u>	<u>12,987,722,931</u>

As at the end of the Reporting Period, the accumulative balance of bank loans and interest of the Company amounted to RMB17.359 billion, representing an increase of RMB43.71 billion from the beginning of the year, which was mainly due to the expansion of business scale and the new borrowings used for project construction during the Reporting Period.

In addition to the above borrowings, the Company had RMB58.91 billion of corporate bonds due within 1-5 years as at the end of the Reporting Period.

Analysis of liquidity

	Unit:RMB		
<u>Item</u>	<u>As at 31 December 2025</u>	<u>As at 31 December 2024</u>	<u>Change (%)</u>
Interest-bearing liability	24,187,256,544	18,122,243,730	33.47%
Asset-liability ratio	53.87%	49.80%	Decreased by 4.07percentage points

As of the end of the Reporting Period, the interest-bearing liabilities increased by 33.47% compared with the beginning of the Reporting Period, mainly attributable to the increase of long-term loans. The asset-liability ratio (The asset-liability ratio is equal to total debt divided by total assets) was optimized decreasing by 4.07percentage points.

Asset Mortgage

For details of the asset mortgage, see Note V (20) to the Financial Reports prepared in accordance with China Accounting Standards.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

Analysis of cash flow

Unit: RMB

Items	Amount for current period	Amount for same period of last year	Changes (%)
Net cash flow from operating activities	6,694,037,666	5,977,317,233	11.99
Net cash flow from investing activities	-8,750,680,512	-3,672,026,564	-138.31
Net cash flow from financing activities	2,756,449,246	-1,472,260,983	287.23

Net cash outflow from investing activities increased by RMB5.078 billion during the Reporting Period compared with last year, mainly due to Increased payments for M&A consideration related to aggregates in Nigeria and Brazil.

Net cash outflow from financing activities decreased by RMB4.229 billion during the Reporting Period compared with last year, mainly due to M&A loans increased.

(III) OUTLOOK FOR 2026

1. Industrial pattern and trend of development

(1) *Macro situation of the domestic building materials industry*

2026 marks the first year of the 15th Five-Year Plan period. As the Chinese economy continues to demonstrate resilience amid a complex international environment, the Central Economic Work Conference has clearly signalled more proactive measures to stabilize growth, emphasizing enhanced forward-looking, targeted and coordinated macroeconomic policies, with a focus on expanding domestic demand and optimizing supply. For the cement industry, a series of initiatives set forth at the conference — including “intensifying efforts to address ‘involution-style’ competition”, “continuing to implement a more proactive fiscal policy and a moderately accommodative monetary policy”, “stabilising the real estate market”, and “accelerating the establishment of a new pattern for real estate development” — are expected to establish a policy floor for the industry, facilitating its transition towards declining volumes and structural adjustment, while gradually paving the way for recovery.

In 2026, the Chinese cement industry will enter a new phase interwoven with both opportunities and challenges, characterized by a general trend towards “stabilising aggregate volume and optimizing structure”. On the one hand, the industry continues to face pressures on both the supply and demand sides, although policy adjustments are expected to steer the industry towards rebalancing. On the supply side, despite ongoing national capacity control measures, production exceeding permitted levels persists. On the demand side, adjustments in the real estate market and the slowdown in infrastructure investment growth continue to weigh on domestic cement demand. On the other hand, through the systemic coordination of policies on capacity control, technological innovation and green consumption, the industry is expected to gradually resolve its long-standing structural supply-demand imbalances and extricate itself from “involution-style” vicious competition, thereby entering a restorative growth cycle with quality and efficiency as the core. With the advancement and implementation of capacity management policies, enterprises’ production activities will be more strictly aligned with approved capacity, creating conditions for a new dynamic equilibrium between supply and demand. Building on this foundation, and with continued efforts to address “involution-style” competition, the domestic cement pricing system is expected to see some restoration in 2026, and overall industry profitability is anticipated to further recover.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

(2) Macro and Industry Landscape in international markets

According to the latest World Economic Outlook released by the International Monetary Fund (IMF), the global economy is expected to remain stable amid divergent forces, with global growth projected to reach 3.3% in 2026. The economies of countries where the Company operates overseas are expected to outperform the regional average, maintaining favorable growth momentum. Tajikistan, Kyrgyzstan, Uzbekistan, Nepal, Tanzania and Zambia are projected to achieve economic growth of over 5% in 2026.

According to research conducted by On Field Investment Research®, global cement demand and prices are expected to remain stable in 2026. Excluding the Chinese market, global cement demand is expected to grow by approximately 5%, driven by the continued expansion of emerging economies. Cement demand in most of the countries where the Company operates its overseas business is expected to maintain a growth trajectory.

2. Development Strategy of the Company

In 2026, in spite of persistent complex situations, the Company will stay firm with confidence and implement targeted measures, promote the corporate culture of “integrity, dedication, pragmatism, innovation,” and adhere to the values of “safety first, customer centric, result orientated, act with integrity, innovative development and people oriented” to pursue the corporate vision of “Beautiful world starts with us”. Following the mission of “Clean our living environment, supply reliable building material”, the Company will strive to implement and deepen four strategies, being “Multiple business development overseas, domestic integrated synergy, carbon reduction and value-added innovation, and driven by digital AI”. The Company will accelerate the high-end, green and intelligent transformation, while pioneering in low carbon and sustainable development to drive Huaxin to become a globally leading multinational building materials group.

3. Business Plan

(1) Completion of the 2025 business plan

In 2025, the Company remained resilient amid the adverse situation of declining demand and prices for its core domestic products, including cement, aggregates and ready-mixed concrete. For the full year, sales volume of cement and clinker reached 109% of the budget, concrete sales volume reached 91% of the budget, and aggregates sales volume reached 94% of the budget. The Company achieved operating revenue of RMB35.348 billion, fulfilling 95.2% of the annual budget.

The Company’s overall investment budget execution rate for 2025 was 83.47%. As at the end of 2025, total assets stood at RMB81.073 billion, and the Company’s asset-liability ratio was 53.87%.

(2) Business Plan for 2026

For 2026, the Company plans to sell approximately 67 million tons of cement and clinker globally, 190 million tons of aggregates, and 30 million cubic meters of ready-mixed concrete. The total revenue projected to exceed RMB40 billion.

The Company’s planned capital expenditure for 2026 is approximately RMB15.0 billion, focusing primarily on enhancing overseas cement production capacity and overseas M&A.

As at the end of 2026, the Company’s total assets are expected to be approximately RMB95 billion, with the asset liability ratio expected to remain at around 54%.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

To achieve the above operational targets, the Company will implement the following measures:

- 1 Further Strengthening Operational Mindset. In the domestic market, we will resolutely implement the requirement to “organise production in accordance with approved capacity” and strengthen market maintenance. We will step up investment to promote extreme cost reduction, and through continuous benchmarking, refined operations and integrated synergies, micro innovation of technical parameters, advanced utilization of information technology tools, comprehensive refined cost management, consolidate the profit foundation, systematically enhance operational efficiency and risk resistance capabilities, ensuring the high-quality achievement of profitability targets.
- 2 Advancing the four major strategies with consolidated efforts, and pursuing steady progress to drive sustainable development. While fully advancing the construction of overseas cement projects in Nigeria, Mozambique, Tanzania, Zimbabwe and other countries, we will implement acquisitions to further expand overseas cement and aggregates production capacity. We will deepen market research to promote the construction of overseas hazardous waste disposal and mortar production lines, opening up new growth drivers. For the aggregates business, we will adhere to revenue growth as the core objective, optimise and promote automated detection systems, improve service processes and systems, and fully leverage regional market advantages. For the ready-mixed concrete business, we will continue to focus on market positioning and quality maintenance, as well as closed-loop management of the full accounts receivable cycle, balancing price stabilisation and volume growth with cost reduction and efficiency enhancement to improve operational performance. Leveraging our advantages in independent R&D and proprietary control, we will build an overseas “ERP+” digital system, promote and improve the international office platform, and, domestically, drive the integration of industrial intelligence, business intelligence and management intelligence with AI capabilities, establishing a sustainable smart operations production system.
- 3 Upholding the lifelines of “Safety and Environmental Protection” and setting the benchmark for clean and civilized production in the industry. We will continuously strengthen health compliance management and on-site inspections, advance the refined management of safety production, conduct annual health and safety audits, intensify health compliance management and inspection efforts, deepen mine safety management, and effectively strengthen the control of major business risks, thereby building a solid line of defense for the safe and stable development of the enterprise.
- 4 Weaving a multi-dimensional risk prevention and control system to fully safeguard the Company’s sustainable and healthy development. We will consistently strengthen fund control, focusing on optimizing overseas spare parts inventory and enhancing fund concentration; dynamically monitor the foreign exchange market and precisely hedge against risk exposure; build a digital credit monitoring platform and develop flexible credit policies; continue to deepen the integration of “legal and commercial” mechanisms, extending from risk control to value-added services, embedding legal management deeply into strategic planning and business operations; and persistently advance the construction of a “Clean Huaxin”, fight against corruption in any forms and promote warning education, ensuring the integrity and compliant operation of all business activities.
- 5 Coordinating domestic optimization and overseas innovation to build a new modern marketing system. Domestically, while maintaining traditional sales advantages, the Company will upgrade the “Huaxin Mall”, establishing a closed data loop encompassing “online account opening-smart sales management-pricing system”. The Company will promote the linkage among cement, aggregates and concrete businesses, increase the proportion of direct sales, and drive improvements in sales efficiency and reductions in channel costs. Overseas, the Company will strengthen brand and organizational development, deepen the global replication of the NEWTA model and the operation of short video matrices, and promote the implementation of visual identity systems and local brand building at overseas plants.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

- 6 Intensifying efforts to expand new energy vehicle projects and deepening supply chain potential for value creation. The Company will rapidly promote new energy projects, accelerate the launch of new energy digital systems, establish a logistics command and dispatch platform and a smart vehicle transport dispatch system, and drive algorithm-based efficient coordination of sales, production and transportation. Leveraging the advantages of centralised procurement, the Company will adhere to the principle of separation, and carry out sourcing of raw materials and fuels through bidding, auctions and negotiations to explore cost reduction opportunities.
- 7 Focusing on building a global talent pipeline and consolidating the talent foundation for enterprise development. Adhering to the principles of “internal selection and external recruitment” and the criteria of “loyal, clean and responsible”, the Company will systematically build a talent management system covering the entire chain of “selection, employment, cultivation and retention”. The Company will continue to implement open competition and merit-based promotion and demotion mechanisms to stimulate talent vitality; scientifically formulate a tiered and categorised talent demand plan for the 15th Five-Year Plan period, and promote precise alignment between personnel and positions. We will build an integrated “domestic + overseas” training and empowerment system, establishing Huaxin International College and overseas business schools, and strengthening the professional capabilities of both foreign employees and expatriate talents, thereby providing a solid talent foundation for building a globally leading multinational building materials group.

4. Potential Risks

Drop in the domestic demand for cement and severe overcapacity may result in declining performance. In the medium and long term, with the continuous variation of the Chinese investment structure, the demand for cement will show a downward trend or become normalized. The slow progress of the cement industry in removing production capacity and persistent low utilization rate of clinker will intensify market competition. Continued pressure on cement prices will have an adverse impact on the operating performance of the Company.

Risks of safe production and compliant operation of low carbon and emission. The Company’s production operations cover quarry exploitation, cement and cement product production, hazardous waste, household garbage, sludge disposal and other businesses. The PRC government increasingly enforces stringent requirements on enterprise safety production and emission cuts and reducing carbon. Against the backdrop, any accident of safety and emission in production, or the energy consumption of plants fails to reach the benchmark will damage the reputation and have an adverse impact on the Company’s operations.

Risks of surging production cost. The energy market has many uncertainties due to the overseas situation, supply demand landscape and policies. With the “dual carbon” objectives, the requirements for energy consumption, carbon reduction, safety, eco protection, transportation overload and quarry treatment will be increasingly stricter. Therefore, enterprises need to invest more in technology upgrade, hence adding further burden on production cost factors.

Risks in international operation and foreign exchange rate fluctuations. The current international situation is complicated. Factors such as geopolitical conflicts, economic and trade disputes, financial market turmoil, and commodity price fluctuations have increased the risk of instability and uncertainty in the development of the global economy. In addition, the political, economic, social, and religious complexities of different countries, as well as the differences in legal systems, together with fluctuations in exchange rates and its foreign reserves, will bring challenges to the Company’s international business development.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE COMPANY

To cope with the above risks, the Company will take the following measures to enhance competitiveness and resilience:

- (1) The Company shows the sense of responsibility of a large enterprise to actively implement national policies and measures such as “supply-side structural reform” to promote a healthy development of the industry. Adhering to the principle of “unified highest standards with local adaptation”, the Company will establish a high-standard global ESG management and execution system. This will enable us to proactively respond to the complex international regulatory environment and ensure the steady and sustainable development of our global operations. The Company will further optimize the employment and human resources mechanism to promote sustainable, stable and healthy development of the Company.
- (2) The Company insists on developing concept of green and low-carbon building materials through the life cycle, adhering to the concept of “safety and eco-friendly” as the bottom line of production, setting a benchmark for clean and civilized production in the industry, and increasing investment in safe and eco protection to further eliminate/prevent potential environmental risks. The Company strives to optimize emission to lower energy consumption and fuel cost. Through the upgrade of technology and digital innovation to use electric vehicles for logistics and adopt multiple measures to squeeze production, procurement and logistics costs. The Company will strengthen and refine the marketing ability, and focus on the core markets, valuable clients and smart marketing to improve efficiency.
- (3) Overseas, the Company will maintain a diversified market presence to avoid over-reliance on any single market. We will adhere to localized production, adopting management styles and operational strategies tailored to the host countries, so as to mitigate cultural and operational risks. The Company will establish a global compliance management system, conduct regular compliance training and audits to reduce compliance risks, and enhance the corporate reputation and capacity for sustainable development. The Company will actively implement various risk hedging strategies to reduce regional economic and foreign exchange risk exposure.

IMPORTANT MATTERS

(I) COMMITMENTS

There were no commitments made by the de facto controller, shareholders, related parties, purchasers and the Company during the Reporting Period or continuing to the Reporting Period.

(II) APPROPRIATION OF THE COMPANY'S FUNDS FOR NON-OPERATING PURPOSE

During the Reporting Period, the Company's controlling shareholder and its related parties did not appropriate the Company's funds for non-operational purposes. The detailed statement issued by Ernst & Young Hua Ming will be disclosed on the websites of the SSE, SEHK and the Company on the same day as this report is issued.

(III) ANALYSIS AND EXPLANATION OF THE REASONS AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

During the Reporting Period, there were no changes in the Company's accounting policies and accounting estimates.

(IV) AUDITORS AND REMUNERATION

Description of the appointment of auditors

On 27 May 2025, at the Company's annual general meeting shareholders approved the re-appointment of Ernst & Young Hua Ming as the Company's auditor for financial audit and internal control audit for the Year 2025.

Unit: RMB

	Current	
Name of PRC auditors	Ernst & Young Hua Ming	
Remuneration of domestic CPA	5,840,000	
Year of auditing by domestic CPA	4	

	Name	Payment
Internal control auditor	Ernst & Young Hua Ming	560,000

(V) INSOLVENCY OR RESTRUCTURING

During the Reporting Period, the Group did not experience bankruptcy or reorganization.

IMPORTANT MATTERS

(VI) MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, the Company was not involved in any litigation or arbitration that had been disclosed in the extraordinary announcements but had no further progress.

The table below sets out the litigations and arbitrations that were not disclosed in extraordinary announcements or that had further progress:

Plaintiff/Applicant	Defendant/Respondent	Joint and sever liability	Type	Basic information	Estimated amount of		Progress	Consequence and impact	
					Amount	contingent liability		Enforcement	
Moncement Building Materials LLC	HUAXIN BUILDING MATERIALS GROUP CO., LTD.		Arbitration	For detailed information, please refer to the 2025 Half Year Report of the Company at www.sse.com.cn	USD 77.0696 million yuan	Yes RMB40 million yuan	Since the arbitral tribunal notified the draft award on 28 February 2025, further progress has been made in the arbitration proceedings: the Company has not yet received the final legal document. The Company will continue to monitor the progress of the proceedings.		

(VII) PUNISHMENT ON DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLERS OF THE COMPANY AND THE RECTIFICATION

During the Reporting Period, the Company and its Directors, senior management, controlling shareholders and de facto controllers were not penalised and/or rectified.

(VIII) THE INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

During the Reporting Period, none of the Company, its controlling shareholders and de facto controllers failed to perform the effective judgment of the court, nor did there exist any large amount of outstanding debts.

(IX) MATERIAL RELATED PARTY TRANSACTIONS

1. Related party transactions related to day-to-day operations or continuing related party transactions

During the Reporting Period, the Group entered into certain transactions with persons deemed to be “related parties” under applicable accounting standards. Details of the related party transactions entered into by the Group during the Reporting Period are disclosed in Notes XI of the financial statements prepared in accordance with the PRC Accounting Standards. The related party transactions disclosed in Note XI are not considered as connected transactions defined in Chapter 14A of HKEX Listing Rules or exempt from the reporting, announcement and shareholder approval requirements under the HKEX Listing Rules.

IMPORTANT MATTERS

2. Connected transaction of asset or equity purchase or sale

Matters related to the Connected Transaction of the Acquisition of Assets in Nigeria From Holcim

On 1 December, 2024, the wholly-owned subsidiaries of the Company, Hainan Huaxin Pan-African Investment Co., Ltd. and Huaxin (Hong Kong) International Holdings Co., Ltd., signed an Equity Purchase Agreement with Holderfin B.V. Pursuant to this agreement, Hainan Huaxin Pan-African Investment Co., Ltd. will acquire 100% of the equity interest in Caricement B.V. from Holderfin B.V. for a cash consideration of USD 560,440,000, subject to customary downward adjustments in line with the value impairment clause. Furthermore, Huaxin (Hong Kong) International Holdings Co., Ltd. is to acquire 100% of the equity interest in Davis Peak Holdings Limited for a cash consideration of USD 277,690,000, following the transfer of Lafarge Africa Plc's 27.77% equity held by Associated International Cement Limited to Davis Peak Holdings Limited, with similar adjustments applicable. For further details, please refer to the announcement of the Company dated 1 December 2024.

On 19 March, 2025, the first extraordinary general meeting approved the Proposal on the Connected Transaction of the Acquisition of Holcim's Assets in Nigeria.

On 29 August, 2025, the equity transfer under this transaction was completed. The buyer paid a consideration of USD 773.86 million, following customary downward adjustment in accordance with the value impairment clause in the Equity Transfer Agreement. Upon completion of the transfer, the target company became an indirect wholly-owned subsidiary of the company. Since the target companies holds in aggregate 83.81% equity interest in the ultimate target company, the ultimate target company will also become a subsidiary of the Company, and the financial results of the target companies and the ultimate target company was included in the consolidated financial statements. For further details, please refer to the announcement of the Company dated 29 August 2025.

Except for the matters disclosed above, there were no other transactions that needed to be disclosed in accordance with the Listing Rules during the reporting period.

(X) MATERIAL CONTRACTS

Matters related to the acquisition of equity interests in the Brazilian aggregate project

On 16 December 2024, Huaxin (Hainan) Investment Co., Ltd., a wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with the sellers (11 natural persons) to acquire 100% of the equity interest in ITATUBA PARTICIPAÇÕES LTDA and 40% of the equity interest in EMBU S.A. ENGENHARIA E COMÉRCIO. As at all material dates and the date of this announcement, ITATUBA PARTICIPAÇÕES LTDA holds 40% of the shares of EMBU S.A. ENGENHARIA E COMÉRCIO. As the highest applicable percentage ratio in respect of the acquisition exceeds 5% but less than 25%, the acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

The acquisition was completed on 17 March 2025 and an initial consideration of USD176.9 million was paid. Both target companies become indirect wholly-owned subsidiaries of the Company and therefore the financial results of the target companies will be consolidated into the consolidated financial statements of the Group. For further details, please refer to the announcements of the Company dated 16 December 2024, 6 January 2025 and 18 March 2025.

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the Reporting Period.

IMPORTANT MATTERS

3. Guarantees

During the Reporting Period, all external guarantees provided by the Company complied with the approval procedures of the Board of Directors and/or the general meeting of shareholders. The total amount of guarantees provided by the Company to subsidiaries was RMB1.493 billion. As of the end of the Reporting Period, the balance of the Company's external guarantees was RMB9.771 billion, accounting for 26.13% of the Company's net assets at the end of the Reporting Period. The details are as follows:

Unit: RMB

The Company's external guarantees (excluding guarantees to its subsidiaries)

Total guarantee amount during the Reporting Period (excluding guarantee for subsidiaries)	0
Guarantee amount left at the end of the Reporting Period (A) (excluding guarantee for subsidiaries)	0

Guarantee provided by the Company or subsidiaries for its subsidiaries

Total guarantee amount for subsidiaries occurred during the Reporting Period	-1,492,577,345
Guarantee amount left at the end of the Reporting Period (B)	9,771,332,447

Total guarantee amount (including guarantee for its subsidiaries)

Total guarantee amount (A+B)	9,771,332,447
Proportion in net assets of the Company (%)	26.13

Including:

Guarantee amount provided to the Company's shareholders, de facto controller and its related parties (C)	—
Debt guarantee amount provided directly or indirectly to subjects whose asset-liability ratio is over 70% (D)	5,449,997,275
Guarantee amount in excess of 50% of the net assets (E)	—
Total guarantee amount of the above three (C+D+E)	5,449,997,275

(XI) FINANCIAL ENTRUSTMENT AND LOAN ENTRUSTMENT

In light of the Company's daily fund arrangements and utilized fund situation and to ensure efficient use of unutilised funds, the Company utilised part of its own funds for financial entrustment after comprehensive consideration of security and return rate. Particulars of the financial entrustments conducted and subsisting during the Reporting Period are as follows:

Unit: RMB

Investment type	Accumulated amount for the year (buy in)	Accumulated amount for the year (redeemed or due)	Undue amount	Unredeemed amount but due
Public-offered funds	1,010,000,000	1,040,000,000	—	—

(XII) SIGNIFICANT EVENTS

Nil

CHANGES IN SHARES AND SHAREHOLDERS

(I) TOTAL NUMBER AND STRUCTURE OF SHARES

During the Reporting Period, the total number of the Company's shares remained unchanged.

(II) SHAREHOLDERS

- To the best knowledge of the Company, as at 31 December 2025, the total number of registered shareholders of the Company was 30,179; as at 28 February 2026, the total number of registered shareholders of the Company was 30,558.
- To the best knowledge of the Company, as at 31 December 2025, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Full name of shareholders	Number of shares held	Proportion (%)	Class of shares	Pledged, marked or locked-up Status	Quantity	Shareholder type
1	HKSCC Nominees Limited	734,719,319	35.34	H share	Unknown	0	Overseas legal entity
2	HOLCHIN B.V.	451,333,201	21.71	A share	None	0	Overseas legal entity
3	Huaxin Group Co., Ltd.	338,060,739	16.26	A share	None	0	State-owned legal entity
4	Hong Kong Securities Clearing Company Ltd. (HKSCC)	59,252,278	2.85	A share	None	0	Overseas legal entity
5	Taiping Life Insurance Co., Ltd. – Traditional – Ordinary Insurance Product-022L-CT001 (SH)	15,077,687	0.73	A share	None	0	Unknown
6	Taiping Life Insurance Co., Ltd.	12,530,040	0.60	A share	None	0	Unknown
7	China Railway Wuhan Bureau Group Co., Ltd.	11,289,600	0.54	A share	None	0	Unknown
8	Huang Jianjun	10,062,258	0.48	A share	None	0	Unknown
9	Agricultural Bank of China Limited – CSI 500 Exchange Traded Index Securities Investment Fund	9,889,737	0.48	A share	None	0	Unknown
10	National Social Security Fund 413 Portfolio	9,840,000	0.47	A share	None	0	Unknown

Notes:

- During the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or the “Current Period”), there was no change in the number of the shares of the Company held by Holchin B.V. and its party acting in concert, Holpac Limited. The shares held by Holchin B.V. and Holpac Limited were not subject to any pledge, freezing order or custody.
- The shares mentioned above are not subject to any trading restrictions.
- To the best of the knowledge of the Board of Directors of the Company, Holchin B.V. and Holpac Limited are wholly-owned subsidiaries of Holcim Limited.

CHANGES IN SHARES AND SHAREHOLDERS

3. Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2025, the persons (other than a director or chief executive of the Company) holding interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests kept by the Company in accordance with Section 336 of the Securities and Futures Ordinance (the director or chief executive referred in this paragraph) are as follows:

Shareholder name	Nature of interest	Class of shares	Number of shares	Approximate% of shares held in the relevant share class	Approximate% of shares held in the total amount of share capital
Holcim Limited	Interest of controlled corporation	A Shares	451,333,201 (long position)	33.57%	21.71%
		H Shares	417,902,467 (long position)	56.88%	20.10%
		Total	869,235,668 (long position)		41.81%
Holderfin B.V.	Interest of controlled corporation	A Shares	451,333,201 (long position)	33.57%	21.71%
		H Shares	384,210,624 (long position)	52.29%	18.48%
		Total	835,543,825 (long position)		40.19%
Holchin B.V.	Beneficial owner	A Shares	451,333,201 (long position)	33.57%	21.71%
		H Shares	384,210,624 (long position)	52.29%	18.48%
		Total	835,543,825 (long position)		40.19%
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Interest of controlled corporation	A Shares	338,060,739 (long position)	25.15%	16.26%
Huangshi State-owned Assets Management Company Co., Ltd.	Interest of controlled corporation	A Shares	338,060,739 (long position)	25.15%	16.26%
Huaxin Group Co., Ltd.	Beneficial owner	A Shares	338,060,739 (long position)	25.15%	16.26%

4. Directors' and chief executives' interests and short positions in shares, underlying shares and securities

As at 31 December 2025, the Directors, Supervisors and chief executives holding interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests kept by the Company in accordance with Section 352 of the Securities and Futures Ordinance are as follows:

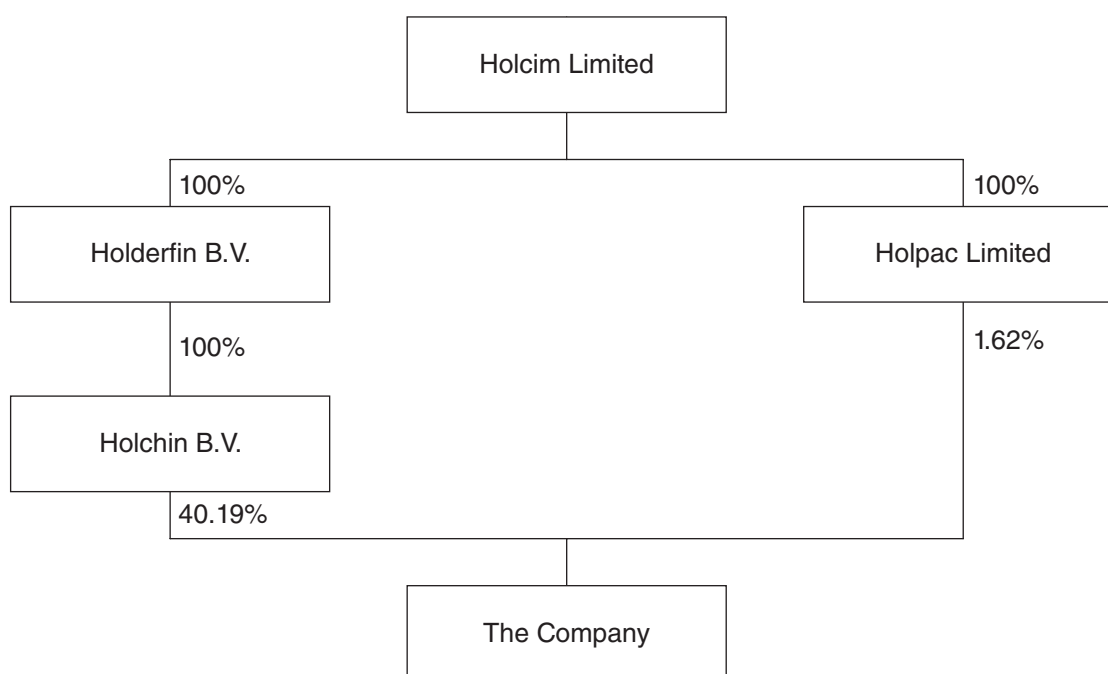
Name	Nature of interest	Class of shares	Number of shares	Approximate% of shares held in the relevant share class	Approximate% of shares held in the total amount of share capital
Mr. Li Yeqing	Beneficial interest	A-Shares	1,424,534 (long position)	0.11%	0.07%
		H-Shares	1,138,596 (long position)	0.15%	0.05%
Mr. Liu Fengshan	Beneficial interest	A-Shares	334,200 (long position)	0.02%	0.02%
		H-Shares	345,800 (long position)	0.05%	0.02%

5. Information on the controlling shareholder and de facto controller

During the Reporting Period, there was no change in the controlling shareholder and de facto controller of the Company.

CHANGES IN SHARES AND SHAREHOLDERS

As at 31 December 2025, Holcim Limited was the controlling shareholder as well as the de facto controller of the Company. The following chart sets out the shareholding relationship structure between the Company and Holcim Limited:



(III) PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, save for the total of 5,859,160 A shares held by the relevant accounts of the Core Employees Stock Ownership Plans of the Company (including 5,859,160 shares to be unlocked and vested), the Company repurchased 2.578 million A shares and granted all of them to incentive participants due to implementation of the 2025 A share Restricted Share Incentive Scheme.

On 9 October 2025, the Company repurchased A shares through centralised price bidding for the first time.

As at 27 October 2025, the Company has completed the Repurchase. The actual number of the A Shares repurchased by the Company was 2,578,000, accounting for 0.12% of the total number of the Company's shares. The maximum and minimum repurchase prices were RMB22.72 per A Share and RMB17.70 per A Share, respectively. The average repurchase price was RMB19.00 per A Share. The total amount of funds used was RMB48,999,401 (excluding transaction fees).

As of December 31, 2025, the Company completed the registration of the restricted stock award, granting 2.578 million A shares to the incentive recipients.

Save as the repurchase of A shares and conferment of restricted shares, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including the sale of treasury shares) during the Reporting Period.

(IV) ISSUANCE OF PREFERENCE SHARES AND PREEMPTIVE RIGHTS

During the Reporting Period, the Company did not issue any preference shares. According to the Articles of Association of the Company and the laws of China, the Company is not required to offer its existing shareholders pre-emptive rights to acquire new shares in proportion to their shareholdings.

CHANGES IN SHARES AND SHAREHOLDERS

(V) TRANSACTIONS IN RESPECT OF THE GROUP'S OWN SECURITIES

The Group had neither issued nor granted any convertible securities, options, warrants or other similar rights during the Reporting Period. In addition, the Group had no redeemable securities at the end of the Reporting Period.

(VI) TAX RELIEF OR EXEMPTION FOR LISTED SECURITIES HOLDERS

The holders of the Company's listed securities were not entitled to tax relief and exemptions by virtue of their holdings of such securities under their legal status of the PRC during the year ended 31 December 2025.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(I) BASIC INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

1 The shareholdings or share transactions of the existing Directors and senior management and those resigned during the Reporting Period:

Unit: share

Name	Position	Gender	Age	Appointment beginning	Appointment Ending	Shares held at the beginning of the year	Shares held at the end of the year	Change	Reason for change	Payment from the Company (10k Yuan) before tax	Remuneration/ allowance from shareholder company or other related Company
Xu Yongmo	Chairman	M	69	2024-05-21	2027-05-21	/	/	/		150	No
Li Yeqing	Director&CEO	M	61	2024-05-21	2027-05-21	1,407,930	2,563,130	1,155,200	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	425.28	No
Liu Fengshan	Director&VP	M	60	2024-05-21	2026-03-30	458,600	680,000	221,400	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	157.25	No
Martin Kriegner	Director	M	64	2024-05-21	2027-05-21	/	/	/	/	21.6	Yes
Tan Then Hwee	Director	F	53	2024-05-21	2027-05-21	/	/	/	/	21.6	Yes
Olivier Millhaud	Director	M	64	2025-07-15	2027-05-21	/	/	/	/	10.8	Yes
Wong Kun Kau	Independent Director	M	65	2024-05-21	2027-05-21	/	/	/	/	42	No
Zhang Jiping	Independent Director	M	57	2024-05-21	2027-05-21	/	/	/	/	42	No
Jiang Hong	Independent Director	M	55	2024-05-21	2027-05-21	/	/	/	/	42	No
Chen Qian	VP&CFO	M	47	2024-05-21	2027-05-21	200,000	431,600	231,600	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	167.25	No
Du Ping	VP	M	55	2024-05-21	2027-05-21	309,400	504,400	195,000	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	160.83	No
Mei Xiangfu	VP	M	53	2024-05-21	2027-05-21	325,840	532,540	206,700	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	162.53	No
Yang Hongbing	VP	M	53	2024-05-21	2027-05-21	472,164	680,564	208,400	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	156.19	No
Xu Gang	VP	M	47	2024-05-21	2027-05-21	391,300	621,600	230,300	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	168.08	No
Wang Jiajun	VP	M	45	2024-05-21	2027-05-21	178,400	389,900	211,500	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	158.03	No
Ye Jiaxing	VP & Secretary to the Board	M	44	2024-05-21	2027-05-21	244,225	465,625	221,400	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	158.03	No
Lu Guobing	VP	M	55	2024-05-21	2027-05-21	207,300	382,000	174,700	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	131.98	No
Tang Jun	VP	M	55	2024-05-21	2027-05-21	125,800	302,100	176,300	Shares purchased in the secondary market and restricted shares newly granted but not yet vested	133.30	No
Chi Kong Lo	Director	M	62	2021-04-27	2025-06-04	/	/	/	/	10.8	Yes
Total	/	/	/	/	/	4,320,959	7,553,459	3,232,500		2319.55	/

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

2 Main work experience of the Directors, Supervisors, and senior management

Name	Main work experience
Xu Yongmo	<p>Mr. Xu Yongmo, born in April 1956, Master of Engineering, obtained Doctor and Post Doctorate in the United Kingdom. 1982–1983, assistant engineer of Plasterboard Subsidiary of Beijing New Building Material Plant; 1986–1988, head of RMX laboratory of Concrete and Housing Building Materials Institute of China Building Materials Academy; 1988–1991, vice director of Technical Information Centre of China Building Materials Academy; 1998–2002, vice president of China Building Materials Academy; from April 2002 to April 2017, vice president of China Building Materials Federation; from June 2006 to December 2016, president of China Concrete & Cement Product Association; from December 2016 to July 2022, executive president of China Concrete & Cement Product Association; from March 2007 to July 2022, director-general of China Construction Units Association; from October 2007 to July 2019, VP of China Cement Association; from December 2011 to March 2019, director-general of China Silicate Association; he served as honorary director-general of China Silicate Association since July 2025. From April 2021 to May 2024, he became an independent director of Jiangsu Sobute New Materials Co., Ltd. From June 2023 to October 2025, he served as the honorary president of China Concrete & Cement Product Association. He became the Independent Director of the Company from April 2009 to March 2012. He has been the Chairman of the Company in April 2012.</p>
Li Yeqing	<p>Mr. Li Yeqing, born in February 1964, Doctor, senior engineer (professor level). He is currently the chief executive officer of the Company, chief engineer, chief specialist and executive chairman of the Specialist Committee of China Building Materials Federation. In July 1984, he graduated from Wuhan Institute of Building Materials with a bachelor's degree in engineering, majoring in silicate, and with a master's degree in engineering majoring in industrial management, and from Huazhong University of Science and Technology with a doctor's degree in management, majoring in management science and engineering. From July 1984 to October 1987, served as a teacher in Wuhan University of Technology Silicon Engineering Department, and a deputy secretary of the Youth League Committee. He joined Huaxin Cement Plant (predecessor of the Company) in November 1987, served as a quality control engineer of Central Lab, vice manager of Limestone Quarry, vice director of Extension Office and manager of production technology, and promoted as the vice manager of Huaxin Cement Plant in January 1993, he became Deputy General Manager of the Company in June 1994, General Manager of the Company and chief engineer since December 1999 (renamed as chief executive officer in March 2004). He served as a Director of the Company since 1994. He has also been the Vice Chairman of China Building Materials Federation since March 2009 and Vice Chairman of China Cement Association since May 2000. He also served as the Chairman of Hubei Building Materials Federation since January 2014. Also, he has been serving as the Executive Vice Chairman of the Sixth Council of China Building Materials Federation since October 2020. He served as standing director of China Silicate Association since July 2025.</p>

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Martin Kriegner	<p>Austrian national born in 1961, Mr. Kriegner was appointed as Head of Asia Pacific and member of the Group Executive Committee of Holcim in August 2016. Since October 2022 he is the Region Head for Asia, Middle East & Africa. Mr. Kriegner joined the Holcim Group in 1990 and has held various senior leadership roles within Europe and Asia. He moved to India as CEO 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur. In 2012, he was appointed CEO for Cement, RMX and Aggregates in India. In July 2015 he became the company's Area Manager Central Europe.</p> <p>Mr. Kriegner has a long association with the Company. He already served as director of the Company from April 2017 to April 2018. He was again appointed as a director of the Company in January 2023.</p> <p>Mr. Martin Kriegner today is a member of the board of directors of LafargeHolcim Bangladesh Ltd listed on the Chittagong Stock Exchange and the Dhaka Stock Exchange (Bangladesh) and LafargeHolcim Maroc S.A. listed on the Casablanca Stock Exchange (Morocco). Mr. Kriegner is a graduate of Vienna University and holds a Doctorate in Law. He also obtained an MBA at the University of Economics in Vienna.</p>
Liu Fengshan	<p>Mr. Liu Fengshan, born in November 1965, obtained master's degree in public administrations from Nanyang Technological University in Singapore, senior engineer. Mr. Liu graduated from Kunming Institute of Technology with a bachelor's degree in engineering, majoring in mineral processing in July 1987. From 1987 to August 1998, he served as technician of Chimashan Quarry, workshop manager, deputy quarry manager, quarry manager, and secretary of the party committee of Daye Nonferrous Metals Group. From August 1998 to August 1999, he served as a quarry manager of Tonglushan Quarry and secretary of the party committee of Daye Nonferrous Metals Group. From August 1999 to January 2002, he was the deputy secretary of the party committee and secretary to disciplinary committee of Daye Nonferrous Metals Group. From January 2002 to April 2004, he served as the deputy secretary of the Discipline Inspection Commission of Huangshi City. From April 2004 to October 2006, he served as the deputy secretary of the Daye Municipal Party Committee and the mayor of Daye City. From October 2006 to November 2006, he served as the deputy secretary-general of Huangshi Municipal Party Committee. From November 2006 to September 2011, he served as director-general and secretary of Leading Party Group of Bureau of Civil Affairs of Huangshi City. Since September 2011, he served as the Chairman and General Manager of Huaxin Group Co., Ltd., as well as deputy secretary the party committee of both Huaxin Group Co., Ltd. and Huaxin Building Materials Group Co., Ltd. He had been a Director of the Company from April 2012 to March 2026. He had been the vice president of the Company from June 2012 to March 2026.</p>

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Tan Then Hwee	<p>Ms. Tan Then Hwee, Singaporean, born in December 1972, graduated from Wichita State University in the United States of America with a Master of Business Administration and a Bachelor of Business Administration. She has accumulated over 20 years of experience in human resources management within the Asia-Pacific region, with experience in leadership development, talent and succession management, employee engagement and remuneration management. From November 2000 to June 2006, she worked at Philips (a company listed on the Euronext Amsterdam, stock code: PHIA) in Hong Kong, with her last position being the human resources senior manager. From June 2006 to February 2007, she was a human resources senior manager at TPO Displays Hong Kong Limited, a company spun-off from Philips in 2016. Between April 2007 and March 2019, she served as the human resources vice president of the Asia-Pacific region of Sika Group in Singapore. She joined Holcim in March 2019 and is currently the Group Head of Learning and Development. Since January 2023, Ms. Tan has assumed the role of the Head of HR for Holcim Asia Pacific. She served as a non-independent director and member of the compliance committee of Ambuja Cements Limited (a company listed on the National Stock Exchange of India, stock code: AMBUJACEM) from February 2019 to September 2022 and a director as well as a member of the audit committee of Holcim Philippines, Inc (a company listed on the Philippine Stock Exchange, stock code: HLCM) since September 2020. Since December 2024, she has been a director in HOLLIM INTERNATIONAL SERVICES SINGAPORE PTE LTD. She has been a Director of the Company since September 2020.</p>
Olivier Milhaud	<p>Olivier Mihaud, French nationality, born in September 1962, master of ESSEC (Paris). He worked in FRAMATOME GROUP (NOW EDF) from 1989 to 2000, successively served as the Head of Economic Department, Group Financial Reporting Manager, Head of Finance, Information & Technology Division, Head of Control of Engineering Division, Deputy Controller of Engineering and Construction Division, CFO of Manufacturing Division and Negotiator in the merger of the nuclear activities of FRAMATOME and SIEMENS. From 2000 to 2003, he served as the Deputy Group Financial Controller of Lafarge Group in Paris; from 2003 to 2005, he served as the Director Strategy and Development of LAFARGE CHINA in Beijing; from 2006 to 2011, he was the Financial Controller of LAFARGE SHUI ON CEMENT; from 2011 to 2015, he was the CFO of LAFARGE SHUI ON Construction Materials. From 2015 to 2025, he successively held the post as CFO and General Manager of Lafarge Emirates Cement LLC. Currently, he is the CFO of Holcim UAE and Oman. Since July 2025, he has been a director of the Company.</p>
Wong Kun Kau	<p>Mr. Wong Kun Kau, born in 1960, graduated from the University of Hong Kong with a bachelor's degree in social science. Mr. Wong Kun Kau has over 28 years of experience in investment banking and corporate finance. He is the founder and has served as a director of Bull Capital Partners Ltd. which is incorporated in the Cayman Islands since July 2007. Before founding Bull Capital Partners Ltd., he worked as the head of BNP Paribas Capital (Asia Pacific) Limited of Investment Banking – Asia. Before that, he worked with Wardley Investment Services Ltd., Bank America Trust Co., (HK) Ltd., Nomura International (HK) Ltd., and Samuel Montagu & Co., Ltd. He has been an independent non-executive director of REF Holdings Limited (a company listed on SEHK, stock code: 1631) since August 2015. He has been an Independent Director of the Company since April 2021.</p>

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Zhang Jiping	Mr. Zhang Jiping, born in November 1968, holds an LL.B. degree and Master of Laws degree from the University of International Business and Economics in Beijing and a master's degree from New York University School of Law. He worked at the Legal Department of China Securities Regulatory Commission as a staff attorney from 1993 and 1996. He worked at Simpson Thacher & Bartlett LLP in its New York and Hong Kong offices from 1997 to 2003. He joined Haiwen & Partners in 2004 and has been promoted as a managing partner in May 2014. He has over 25 years of legal experience, and his practice primarily focuses on the FDI, M&A, and capital markets areas. He has been a Director of the Company since April 2021.
Jiang Hong	Mr. Jiang Hong, born in March 1970, obtained bachelor's degree in finance in economics from Finance and Economics Department of Xiamen University, a certified public accountant in the PRC. He used to be a representative of the 15th Shanghai People's Congress and a member of the 12th Standing Committee of the Jing'an District CPPCC. From August 1992 to June 2006, he worked with the MOF Commissioners Office in Shanghai. From June 2000 to October 2015, he worked as chief financial officer, chief taxation officer, and chief governmental affairs officer at Philips (China) Investment Co., Ltd. From October 2015 to December 2021, he has been serving as the vice chairman of Shanghai Intellectuals Association Foreign Business Branch, chairman of Jing'an District Intellectuals Association, and in charge of O2Change startup incubator and incubation funds jointly created by over ten multinational corporations. He has been an independent director of Wonders Information Co., Ltd. since July 2023. He has been an independent director of the Company since April 2021.
Chen Qian	Mr. Chen Qian, born in September 1978, Master of Business Administration, Chinese Certified Public Accountant, Fellow Member of Chartered Global Management Accountant. He graduated from Fudan University with a Bachelor's Degree in World Economics in June 2001; in June 2008, he graduated from the Anderson School of Business in the United States with a Master's Degree in Business Administration. He started to work in 2001 and joined the Company in 2020. Before joining the Company, he successively acted as Senior Auditor of PricewaterhouseCoopers, Senior Consultant of Monitor Consulting Group, Chief Financial Officer of Sika Group China, Chief Financial Officer of IMI Critical Engineering Greater China and Korea, Chief Financial Officer of CIF Bureau Veritas China, and Chief Financial Officer of Terminix Group China. From May 2020 to April 2021, he served as the Deputy Chief Financial Officer of the Company. From April 2021, he became Vice President and Chief Financial Officer (CFO) of the Company.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Du Ping	<p>Mr. Du Ping, born in August 1970, Master of Management, senior economist. In 1993, he graduated from Zhongnan University of Economics with a bachelor's degree in investment Principles. In 2003, he graduated from Zhongnan University of Economics and Law, majored in Enterprise Management, and got a Master's Degree of Management. He joined Huaxin Cement Co., Ltd in July 1993 and successively took positions in Investment and Development Department, Advisory Department and Technical Centre, Planning and Development Department and then he served as assistant to the Manager and Vice Manager of Planning and Development Department. From January 2003 to January 2011, he successively took positions of executive deputy general manager and general manager in Huaxin Cement (Tibet) Co., Ltd., GM of Tabei Gaoxin Building Materials Group, Administration Manager of Southwest Region of Huaxin. In September 2012, he was selected in the "123 Key Talent Program of Hubei Province" (first batch). Since February 2011, he successively served as general manager of Hubei East Cement Business Unit, general manager of Yunnan Business Unit, and general manager of Central Business Unit. Now he is also a member of the Hubei Youth Federation. From February 2011 to January 2016, he was AVP of the Company. He became VP of the Company in January 2016.</p>
Mei Xiangfu	<p>Mr. Mei Xiangfu, born in July 1972, Master of Engineering and MBA, senior engineer. He graduated from Nanchang Institute of Aeronautical Technology, majoring in Machine Manufacturing Processes and Equipment, and got a Bachelor's Degree of Engineering in 1994. In 2002, he graduated from Wuhan University of Technology, majored in Mechanical and Electrical Engineering, and got a Master's Degree of Engineering. In 2011, he graduated from Huazhong University of Science and Technology and got MBA Degree. He joined Huaxin Cement Co., Ltd. in 1994, and took the positions of technician, vice manager of Equipment and Power Department, DGM of Yangxin Company, DGM and GM of Wuxue Company, GM of Southeast Region, GM of Zhuzhou Company, GM of Maintenance Company. Since February 2011, he successively served as GM of Hunan and Guangdong Cement Business Unit, Head of the Growth and Innovation Business and Head of Operation and Cost Business, GM of New Business Unit, and GM of East Business Unit. From February 2011 to January 2016, he was AVP of the Company. He became VP of the Company in January 2016.</p>
Yang Hongbing	<p>Mr. Yang Hongbing, born in September 1972, Bachelor of Engineering, Master of Administration, senior engineer (professor level). In 1995, he graduated from the School of Mechanics of Huazhong University of Science and Technology majoring in Forging and Pressing. From 2015 to 2018, he studied at the School of Management, Huazhong University of Science and Technology. He joined Huaxin Cement Co., Ltd. in 1995. He successively took the positions of the engineer in Mechanics and Power Department, chief engineer in Dry Processing plant, assistant of the General Manager in Yichang Company, Deputy General Manager in Yichang Company and Project Manager for the phase II construction, Executive General Manager of Yichang Company, Executive General Manager of Zigui Company, Regional Production Director in Hubei West, General Manager of Hubei West Region. Since February 2011, he successively served as General Manager of Hubei Southwest Cement Business Unit, Chairman and General Manager of Huaxin Environmental Engineering Co., Ltd., and Director of Cement Business Unit of the Company. From February 2011 to January 2016, he was AVP of the Company. He became VP of the Company in January 2016.</p>

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Xu Gang	<p>Mr. Xu Gang, born in March 1978, Master of Business Administration of Tsinghua University, senior economist. He graduated from Safety Engineering major of China University of Geosciences in July 2000 and got the Bachelor's Degree of Engineering. In the meantime, he majored in Financial Management at Huazhong University of Science and Technology and got a Bachelor's Degree. From 2000 to May 2005, he successively took the positions of Safety Engineer, Safety Manager and Technique Manager in Beijing Xingfa Cement Company Ltd. and Beijing Shunfa Cement Company Ltd. From May 2005 to May 2009, he successively took the positions of Integration Manager of Lafarge Shui On Cement China Region Merger & Acquisition Project, Project Manager of Organization Structure Optimization and Strategic Manager of China region. From May 2009 to December 2015, he served as Lafarge's Marketing Director of Guizhou, Commercial Director of Chongqing, and Sales Director of Yunnan. From December 2015 to April 2016, he took the position of Marketing Director of Yunnan BU of Huaxin Cement. Since April 2016, he successively served as Head of Growth & Innovation, Head of Strategy Development & Procurement Businesses, and GM of Oversea Business Unit. From April 2016 to April 2018, he was AVP of the Company. From April 2018, he became VP of the Company.</p>
Wang Jiajun	<p>Mr. Wang Jiajun, born in December 1980, master, senior engineer (professor level). In 2003, he graduated from Wuhan University of Technology majoring in non-organic non-metal materials with a Bachelor's Degree of Engineering. In 2012, he graduated with a Master's Degree of Engineering in material engineering major from Wuhan University of Technology. From June 2003 to June 2006, he worked as a process design engineer in Wuhan Building Materials Industry Design and Research Institute. He joined Huaxin in June 2006 and successively served as Manager of the Process Department, Manager of Engineering Department, Head of Environmental Protection Technology Department, Operation & R & D Director, and General Manager of Environmental Protection Department. Since February 2021, he has served as General Manager of Environmental Engineering BU and General Manager of New Materials BU. From August 2019 to April 2021, he was AVP of the Company. From April 2021, he became VP of the Company.</p>
Ye Jiaying	<p>Mr. Ye Jiaying, born in August 1981, Bachelor of Laws in Wuhan University of Science and Technology, Master of Business Administration of China University of Political Science and Law, senior economist. He started to work in 2005. Main working experience: Legal Commissioner of Shougang Group Mining Investment Company, Legal Manager and Office Director of Philippines Company of Shougang Group Mining Investment Company, Head of Investment Legal Department of Shougang Group Mining Investment Company, Capital Operation Manager of Capital Operation Department of China Aluminum Corporation, General Manager of the Legal Department of China Huaxin Post and Telecommunications Economic Development Centre, General Manager of the Legal Affairs Centre of Lianjia Group (Beijing). Since May 2017, he successively served as the Legal Affairs Director and the Chief of Legal Compliance & Securities and Investor Relations Business of Huaxin Cement Co., Ltd; and he was concurrently in charge of the work of Chinese Communist Youth League. From August 2019 to April 2021, he was AVP of the Company. From April 2021, he became VP and Secretary to the Board of Directors of the Company. He concurrently served as the chief compliance officer of the Company since April 2023.</p>

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main work experience
Lu Guobing	Mr. Lu Guobing, born in June 1970, is a part-time undergraduate. He started to work in 1990 and joined Huaxin. He worked as an employee in Huaxin Jian'an, purchaser in Huaxin Science and Technology Development Company, salesman in Huaxin Sales Company, Section Chief in Clinker Department, Manager in Shanghai Marketing Department, Marketing Manager and Executive Manager in Nantong Company, Executive Manager in Xinyang Company, Marketing Director in Northwestern Hubei Cement BU, Deputy General Manager in Western Hubei Cement BU, Director of RMX in Hubei West Region, General Manager in Huaxin Concrete Company and Huaxin Concrete (Wuhan) Company (Assistant Vice President), General Manager of RMX BU, President of Huaxin Concrete Company and Huaxin Concrete (Wuhan) Company, Director of RMX Business (Assistant Vice President). From May 2024, he became VP of the Company.
Tang Jun	Mr. Tang Jun, American nationality, born in March 1970, a postgraduate with a master's degree in Computer Science of US Central Michigan University and a MBA of Georgia Institute of Technology. He's a senior engineer. He started to work in 1992, and joined Huaxin in 2019. He worked as a System Engineer in IBM China, an Executive Consultant in US Agilysys Inc., General Manager in Wuhan Transvalue Imaging Control Co.,Ltd. Currently, he is the Director of Huaxin Digital Innovation Center (Assistant Vice President), Deputy Chief Engineer and Deputy Director of Technology Center (Digital Innovation). From May 2024, he became VP of the Company.

Note: During the Reporting Period, 11 senior management received 2024 annual performance bonus and other lump-sum bonus totaling at RMB20.8078 million before tax ; During the Reporting Period, a total of 11 senior management realized shares with a total value of RMB11,613 thousand before tax under the 2021 performance assessment of the 2020–2022 Core Employee Stock Ownership Plan, the expiration of the first and second lock-up periods of the first tranche (2023) of the 2023–2025 Core Employee Stock Ownership Plan, and the expiration of the first lock-up period of the second tranche (2024) of the 2023–2025 Core Employee Stock Ownership Plan.

3 As of the disclosure date of this report, Positions taken by existing Directors and senior management of the Company in the substantial shareholder of the Company:

Name	Shareholder company	Position	Appointment date	Resignation date
Li Yeqing	Huaxin Group	Party Secretary	7 September 2001	/

4 As of the disclosure date of this report, positions taken by existing Directors and senior management of the Company in other entities:

Description	Non-Executive director and Chairman Xu Yongmo, Independent directors Wong Kun Kau, Zhang Jiping, Jiang Hong, Non-Executive directors Martin Kriegner, Tan Then Hwee, Olivier Milhaud occupy positions in other companies, please see the above for their resumes.
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DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(II) REMUNERATION FOR THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

Decision procedure of the remuneration The Remuneration and Assessment Committee of the Board of Directors proposes, the Board of Directors discuss and decide the remuneration of senior management personnel; the annual remuneration involving directors shall be submitted to the general meeting of shareholders for approval.

Basis of determining the remuneration On March 26, 2025, the 10th Meeting of the Eleventh Board of Directors approved the Executive Remuneration and Long Term Incentive (VP), confirming the design and adjustment rules, remuneration standard and long term incentive system of vice presidents.

On April 29, 2025, the 11th Meeting of the Eleventh Board of Directors approved the CEO Compensation and VP Compensation and Performance Assessment Plan, confirming the adjustment on the CEO compensation and long term incentive system, and the compensation adjustment on the newly appointed VPs since May 2024.

On May 27, 2025, the 12th Meeting of the Eleventh Board of Directors approved the Proposal in Respect of 2024 Short-term Incentives for the Senior Management, Proposal on the Granting Result of “2024 Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan”, Proposal on the Phase III (2025) Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan of the Company and the 2025 KPI Assessment Plan for Top Management, specifying the short-term incentives for 2024, granting result of “2024 Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan”, and evaluation indicators on the Phase III (2025) Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan and the 2025 basic salary and KPI for short term incentives for the management team. In addition, the meeting also approved the Proposal on Adjusting the Annual Allowances of Independent Directors, confirming the standard to adjust the annual allowances of independent directors. The proposal was approved by the 2nd Extraordinary Shareholders Meeting of 2025 on July 15, 2025.

On October 3, 2025, the 18th Meeting of the Eleventh Board of Directors approved the Proposal on 2025 A-Share Restricted Share Incentive Scheme(draft) and its Summary, Implementation and Assessment Measures of 2025 A-Share Restricted Share Incentive Scheme, specifying the scope of incentive participants, performance assessment and implementation measures. The above proposals were approved by the 4th Extraordinary Shareholders Meeting of 2025 on November 12, 2025.

On December 9, 2025, the 20th Meeting of the Eleventh Board of Directors approved the Proposal on Adjusting Related Matters in the 2025 A Share Restricted Share Incentive Scheme, Proposal on Granting A-Share Restricted Shares to Incentive Participants, specifying the reasons for the change, results of the adjustment and granting details.

Actually paid remuneration During the Reporting Period, the remuneration for directors, supervisors and senior management before tax was RMB55.6163 million.

Actually paid remuneration at the end of the period As at the end of the Reporting Period, the remuneration for directors, supervisors and senior management before tax was RMB55.6163 million.

During the Reporting Period, saved as disclosed, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the Reporting Period.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(III) CHANGE IN DIRECTORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason
Chi Kong LO	Director	Departure	Retire
Olivier Milhaud	Director	Elected	

Save as disclosed in this report, there was no change in the information of the Directors and senior management of the Company which are required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

(IV) SERVICE CONTRACTS OF DIRECTORS

The Company has signed service contracts with Directors and senior management respectively. For the term of service contracts, please refer to the paragraph headed “1. Basic Information of Directors and senior management” in this section.

(V) INTERESTS OF DIRECTORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or any entities associated with such Directors had or has had a material interest, directly or indirectly, in any transactions, arrangements or contracts entered into by the Company or its subsidiaries (subsisting during or at the end of the Reporting Period).

During the Reporting Period, the Directors did not enter into any service contracts with any members of the Group which would be terminated in the form of compensation provided by the Group (other than statutory compensation) within one year.

During the Reporting Period and up to the date of this report, there has been no permitted indemnity provisions benefit the directors of the Company (including former directors) or any directors (including former directors) of the Company's affiliated companies.

During the Reporting Period, the Company has purchased and maintained liability insurance for Directors and senior management to provide them with appropriate protection against certain legal actions.

(VI) DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 31 December 2025, none of the Directors nor their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

(VII) EMPLOYEE OF THE COMPANY AND MAJOR SUBSIDIARIES

The number of employees in the Company	1,175
The number of employees in major subsidiaries	20,714
Total number of employees	21,889
Retired or to be retired employees whose expenses are borne by the Company or major subsidiaries	4,412

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Employee function

Category	Number
Production	9,031
Sales	1,879
Technology	6,224
Financial	927
Administrative	3,828
Total	<u>21,889</u>

Education

Education	Number
Master or above	449
Bachelor	5,130
College	5,331
Others	10,979
Total	<u>21,889</u>

As at 31 December 2025, there were 21,889 employees on the Group's payroll, among which 17,618 employees were male and 4,271 employees were female. The Company actively attracts excellent talents, and strives to form a diversified and inclusive work environment to realise a reasonable spread of gender, age and geographic of employees.

(VIII) REMUNERATION POLICY

The Group adopts a comprehensive remuneration system to incentivize the employees to achieve the development goals of the Group and individual. Through the assessment of total remuneration package, the Company sets different KPI for different business units, by linking their performance with remuneration, so the employees can enjoy the rise of performance and are motivated.

(IX) ENDOWMENT INSURANCE FUND

For details of the endowment insurance fund, see Note V (25) to the Financial Reports prepared in accordance with China Accounting Standards. The endowment insurance fund recorded in the profit and loss account of the Group for the year ended 31 December 2025 was RMB260 million.

(X) STAFF HOUSING

According to the relevant regulations of the PRC government, the Group shall pay contributions of the housing provident fund based on a certain percentage of employees' salaries. Saved for the above, the Group has no other accommodation related liabilities. For the year ended 31 December 2025, the total amount of housing provident fund paid by the Group was about RMB140 million.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(XI) TRAINING PLAN

The company will continue to deepen the development of a multi-tiered training system, closely aligned with its business development strategy and the demands of digital transformation. By fully leveraging high-quality internal and external resources, the company will enhance specialized training facilities, expand online learning platforms, and enrich customized training programs. These efforts aim to systematically improve employees' comprehensive capabilities, providing solid talent support for the company's sustainable growth and global expansion.

In 2025, the company organized diverse and differentiated training programs for employees at various levels and in different roles, covering areas such as management, safety, technology, procurement and logistics, marketing, finance, and human resources. A total of over 14,000 participants attended these training sessions, continuously enhancing employees' professional knowledge and business skills to meet the needs of the company's operations and development.

(XII) LABOR OUTSOURCING

Unit: 10,000 RMB

Total payment for labor outsourcing	36,830
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(XIII) EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

(1) 2020–2022 Core Employee Stock Ownership Plan (2020–2022 ESOP)

The Company set up the 2020–2022 Core Employee Stock Ownership Plan (“2020–2022 ESOP”), which was reviewed and approved in the Company's second extraordinary general meeting in 2020 on 25 September 2020 in order to promote the Company's “milestone” development strategic plan for 2020–2025, establish and improve the benefit sharing mechanism between employees and shareholders.

The 2020–2022 ESOP includes Plan A and Plan B. Plan A is a long-term incentive plan related to the Company's annual performance assessment, and Plan B is a long-term incentive plan linked to the Company's milestone performance assessment. The total capital of the plan didn't exceed RMB610 million, of which the total capital of Plan A didn't exceed RMB210 million, and the total capital of Plan B didn't exceed RMB400 million. The stocks applicable to this plan are all from the A-shares of the Company repurchased with the Company's special securities account for repurchase.

On 9 June 2023, the 25th Meeting of the Tenth Board of Directors of the Company approved Proposal on the Granting Result of 2020–2022 ESOP and Proposal on the Partial Repurchase and Cancellation of Shares in the 2020–2022 ESOP, specifying granting result and request the shareholders' general meeting to authorize the Board and authorized person to handle the repurchase and cancel unvested shares due to failure in achieving performance target and the capital reduction.

On 20 July 2023, the Third Extraordinary General Meeting in 2023, the First A Share Class Meeting in 2023 and the First H Share Class Meeting in 2023 of the Company were held respectively to approve the Proposal on the Partial Repurchase and Cancellation of Shares in the 2020–2022 ESOP and Proposal on Requesting the Shareholders' General Meeting to Authorize the Board and its Authorized Person to Handle Related Matters of the 2020–2022 ESOP.

On 28 August 2023, the Company finished cancelling the unvested shares due to failure in achieving performance target.

On 28 October 2023, the first lock-up period of the 2020–2022 ESOP expired.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

On 26 May 2024, the second lock-up period of the 2020–2022 ESOP expired.

On 28 October 2024, the third lock-up period of the 2020–2022 ESOP expired.

The details of the shares granted and to be granted according to the 2020–2022 ESOP are set out as follows:

Unit: share

Name of Participant	Position	As at	Granted	Vested	Invalid	Cancelled	Shares sold	As at	Granted price		Fair value as at	
		1 January 2025	within the year	within the year	within the year	within the year	within the year	31 December 2025 ¹	(RMB) ²	Grant date ³	(RMB)	Vesting period
Li Yeqing	Executive director & CEO	30,535	0	0	0	0	30,535	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29
Liu Fengshan	Executive director	14,554	0	0	0	0	14,554	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29
Ming Jinhua	Then-serving Chairman of the Board of Supervisors	4,821	0	0	0	0	4,821	0	22.4	2022.5.31	19.83	2024.10.29-2025.05.31
Zhang Lin	Then-serving Supervisor	7,909	0	0	0	0	7,909	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29
Yang Xiaobing	Then-serving Supervisor	1,206	0	0	0	0	1,206	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29
Liu Weisheng	Then-serving Supervisor	2,150	0	0	0	0	2,150	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29
Others	Other core employees	749,405	0	0	0	0	749,405	0	24.00	2020.10.29	24.18	2023.10.29-2025.10.29

Notes:

- The change in the number of shares as at 31 December 2025 was due to the shares sold by the relevant Directors, Then-serving Supervisors or employees after the expiration of the lock-up periods.
- The granted price is determined pursuant to the pricing principles of the 2020–2022 ESOP.
- The date of grant is the announcement date of the non-trading transfer of the underlying shares from the special securities account for repurchase to the special securities account of 2020–2022 ESOP.
- On the trading day immediately before 29 October 2020 (the grant date), the closing price of A share was RMB23.65; On the trading day immediately before 27 May 2021 (the grant date), the closing price of A share was RMB22.68; On the trading day immediately before 31 May 2022 (the grant date), the closing price of A share was RMB19.51.
- The accounting standards and policies to estimate the fair value of the shares in the 2020–2022 ESOP are set out in Note (XII) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive directors and the supervisors listed in the table above under the 2020–2022 ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 70,463. During the Reporting Period, the Company did not grant any shares.

Given the nature of the ESOP, the provisions under Rule 17.07(3) of the Listing Rules regarding the number of shares that may be issued and the related weighted average number are not applicable.

The remaining validity period for the 2020–2022 ESOP

As of 24 July 2025, all the shares held under the 2020–2022 ESOP have been sold through centralized price-competitive transactions, the 2020–2022 ESOP was terminated.

(2) 2023–2025 Core Employee Stock Ownership Plan (2023–2025 ESOP)

On 30 June 2023, the 26th Meeting of the Tenth Board of Directors of the Company approved the Proposal on the 2023–2025 ESOP (draft) and its Summary and related proposals of the plan and submitted them to shareholders' general meeting for review.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

On 20 July 2023, the 3rd Extraordinary Shareholders' General Meeting of the Company approved the Proposal on the 2023–2025 ESOP (draft), Proposal on the Administration Measures of 2023–2025 ESOP and Proposal to Shareholders' General Meeting to Authorize the Board of Directors to Handle Matters Related to the ESOP.

This 2023–2025 ESOP shall be implemented in three phases. During the 3 years from 2023 to 2025, an independent employee stock ownership sub-plan shall be developed for each year respectively. The total amount of funds used in 3 phases of this 2023–2025 ESOP will not exceed RMB223.5 million. The stocks under the 2023–2025 ESOP are sourced from the A shares of Huaxin Cement that have been repurchased by the Company through its special repurchase account and the stocks purchased (through, among others, block trading and centralized bidding) on the secondary market.

On the same day, the 27th Meeting of the Tenth Board of Directors of the Company approved Proposal on the Phase I (2023) ESOP Under 2023–2025 ESOP, specifying relevant contents of the first phase of the plan.

On 31 August 2023, non-trading transfer of shares of the Phase I (2023) ESOP under 2023–2025 ESOP (the “Phase I (2023) ESOP”) was completed.

On 27 September 2023, share purchase of the Phase I (2023) ESOP was completed.

On 28 December 2023, the First Holders' Meeting of the Phase I (2023) ESOP Under 2023–2025 ESOP approved Proposal on Setting up the Administration Committee of the Phase I (2023) ESOP Under 2023–2025 ESOP, Proposal on Electing the Members of the Administration Committee of the Phase I (2023) ESOP Under 2023–2025 ESOP, Proposal on Authorizing the Administration Committee to Handle Related Matters of the Phase I (2023) ESOP Under 2023–2025 ESOP.

On 21 May 2024, the 1st Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the Granting Result of “Phase I (2023) ESOP Under 2023–2025 ESOP”, specifying granting result of the Phase I (2023) ESOP, the unvested shares due to failure in achieving performance target shall be withdrawn and disposed by the Administration Committee of the Phase I (2023) ESOP, and all proceeds from disposal of such shares were vested in the Company.

On 27 September 2024, the first lock-up period of the Phase I (2023) ESOP expired.

On 27 September 2025, the second lock-up period of the Phase I (2023) ESOP expired.

The details of the shares granted and to be granted according to the Phase I (2023) ESOP Under 2023–2025 ESOP are set out as followed:

Unit: share

Name of Participant	Position	As at 1 January 2025	Granted within the year	Vested within the year	Invalid within the year	Withdrawn within the year	Shares sold within the year	As at 31 December 2025 ¹	Granted price ² (RMB) ¹	Grant date ³	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive director & CEO	113,729	0	34,119	0	0	68,238	45,491				
Liu Fengshan	Executive director	52,409	0	15,723	0	0	31,446	20,963				
Ming Jinhua	Then-serving Chairman of the Board of Supervisors	48,915	0	14,675	0	0	29,350	19,565	13.6	2023.9.28	14.97	2024.9.28- 2026.9.28
Zhang Lin	Then-serving Supervisor	28,825	0	8,648	0	0	17,296	11,529				
Liu Weisheng	Then-serving Supervisor	7,547	0	2,264	0	0	4,528	3,019				
Liu Sheng	Then-serving Supervisor	6,216	0	1,865	0	0	3,730	2,486				
Yang Xiaobing	Then-serving Supervisor	4,402	0	1,321	0	0	2,642	1,760				
Others	Other core employees	2,399,398	0	716,799	0	0	1,433,598	965,800				

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Notes:

1. The change in the number of shares as at 31 December 2025 was due to the shares sold by the relevant Directors, Then-serving Supervisors or employees after the expiration of the lock-up periods.
2. The granted price is the average transaction price at which this Phase I (2023) ESOP completed share purchase.
3. The grant date is the announcement date on completion of share purchase under this Phase I (2023) ESOP.
4. On the trading day immediately before 28 September 2023 (the grant date), the closing price of A share was RMB14.87.
5. During the year, the weighted average closing price of A share on the trading day immediately before 28 September 2025 (the vest date) was RMB17.84.
6. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XII) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive Directors and the supervisors listed in the table above under the Phase I (2023) ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 55,903. During the Reporting Period, the Company did not grant any shares.

Given the nature of the ESOP, the provisions under Rule 17.07(3) of the Listing Rules regarding the number of shares that may be issued and the related weighted average number are not applicable.

The remaining validity period for the Phase I (2023) ESOP

The Phase I (2023) ESOP shall be valid for up to 60 months from the day when the Company makes an announcement that the last portion of shares to be transferred to the Phase I (2023) ESOP are transferred (i.e. from 28 September 2023 to 27 September 2028). The Phase I (2023) ESOP shall be terminated automatically if it is not renewed upon expiry. The term of the Phase I (2023) ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the underlying shares and the Board of Directors, provided, however, that the term of the Phase I (2023) ESOP shall be extended by 12 months each time. As at the date of this Report, the remaining validity period of the Phase I (2023) ESOP is approximately 2 years and 5 months.

On 21 May 2024, the 1st Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the Phase II (2024) ESOP Under 2023–2025 ESOP ("Phase II (2024) ESOP"), specifying relevant contents of the second phase of the plan.

On 30 September 2024, share purchase of the Phase II (2024) ESOP was completed.

On 24 December 2024, the First Holders' Meeting of the Phase II (2024) ESOP Under 2023–2025 ESOP approved Proposal on Setting up the Administration Committee of the Phase II (2024) ESOP Under 2023–2025 ESOP, Proposal on Electing the Members of the Administration Committee of the Phase II (2024) ESOP Under 2023–2025 ESOP, Proposal on Authorizing the Administration Committee to Handle Related Matters of the Phase II (2024) ESOP Under 2023–2025 ESOP.

On 30 September 2025, the first lock-up period of the Phase II (2024) ESOP expired.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The details of the shares granted and to be granted according to the Phase II (2024) ESOP Under 2023–2025 ESOP are set out as followed:

Unit: share

Name of Participant	Position	As at 1 January 2025	Granted within the year ¹	Vested within the year	Invalid within the year ²	Withdrawn within the year ²	Shares sold within the year	As at 31 December 2025 ³	Granted price (RMB) ⁵	Grant date ⁶	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive director & CEO	136,672	1,126	41,339	0	0	41,339	96,459				
Liu Fengshan	Executive director	62,982	0	16,228	8,888	8,888	16,228	37,866				
Ming Jinhua	Then-serving Chairman of the Board of Supervisors	58,784	0	15,170	8,218	8,218	15,170	35,396				
Zhang Lin	Then-serving Supervisor	34,640	0	9,261	3,771	3,771	9,261	21,608	11.9	2024.10.1	14.23	2025.10.1–2027.10.1
Liu Weisheng	Then-serving Supervisor	24,143	258	7,320	0	0	7,320	17,081				
Liu Sheng	Then-serving Supervisor	7,470	0	1,883	1,194	1,194	1,883	4,393				
Yang Xiaobing	Then-serving Supervisor	5,291	0	1,334	846	846	1,334	3,111				
Others	Other core employees	2,960,243	8,112	677,016	711,763	702,267	677,016	1,579,576				

Note:

1. Granted within the year refers to shares supplementally granted to certain participants of this Phase II (2024) ESOP due to compensation adjustments or performance assessment requirements.
2. Invalid within the year refers to shares under this Phase II (2024) ESOP that could not be vested by participants due to failure to meet performance assessment targets.
3. Withdrawn within the year refers to shares under this Phase II (2024) ESOP that could not be vested due to unmet performance targets. After supplementary grants were made to certain participants (necessitated by compensation adjustments or performance assessment requirements), the shares were withdrawn and disposed of by the Administration Committee of the Phase II (2024) ESOP.
4. The change in the number of shares as at 31 December 2025 was due to the shares sold by the relevant Directors, Then-serving Supervisors or employees after the expiration of the lock-up periods.
5. The granted price is the average transaction price at which this Phase II (2024) ESOP completed share purchase.
6. The grant date is the announcement date on completion of share purchase under this Phase II (2024) ESOP.
7. On the trading day immediately before 1 October 2024 (the grant date), the closing price of A share was RMB14.23.
8. During the year, the weighted average closing price of A share on the trading day immediately before 1 October 2025 (the vest date) was RMB18.5.
9. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XII) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive Directors and the supervisors listed in the table above under the Phase II (2024) ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 55,270 (A total of 725,184 shares that could not be vested by participants due to failure to meet performance assessment targets have been withdrawn and disposed of by the Administration Committee of the ESOP. The number of shares for any other core employee can be granted has been adjusted accordingly.)

Given the nature of the ESOP, the provisions under Rule 17.07(3) of the Listing Rules regarding the number of shares that may be issued and the related weighted average number are not applicable.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The remaining validity period for the Phase II (2024) ESOP

The Phase II (2024) ESOP shall be valid for up to 60 months from the day when the Company makes an announcement that the last portion of shares to be transferred to the Phase II (2024) ESOP are transferred (i.e. from 1 October 2024 to 30 September 2029). The Phase II (2024) ESOP shall be terminated automatically if it is not renewed upon expiry. The term of the Phase II (2024) ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the underlying shares and the Board of Directors, provided, however, that the term of the Phase II (2024) ESOP shall be extended by 12 months each time. As at the date of this Report, the remaining validity period of the Phase II (2024) ESOP is approximately 3 years and 5 months.

On 27 May 2025, the 12th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the Phase III (2025) ESOP Under 2023–2025 ESOP ("Phase III (2025) ESOP"), specifying relevant contents of the third phase of the plan.

On 24 September 2025, share purchase of the Phase III (2025) ESOP was completed.

On 11 December 2025, the First Holders' Meeting of the Phase III (2025) ESOP Under 2023–2025 ESOP approved Proposal on Setting up the Administration Committee of the Phase III (2025) ESOP Under 2023–2025 ESOP, Proposal on Electing the Members of the Administration Committee of the Phase III (2025) ESOP Under 2023–2025 ESOP, Proposal on Authorizing the Administration Committee to Handle Related Matters of the Phase III (2025) ESOP Under 2023–2025 ESOP.

The details of the shares granted and to be granted according to the Phase III (2025) ESOP Under 2023–2025 ESOP are set out as followed:

Unit: share

Name of Participant	Position	As at 1 January 2025	Granted within the year	Vested within the year	Invalid within the year	Withdrawn within the year	As at 31 December 2025	Granted price (RMB) ¹	Grant date ²	Fair value as at the grant date	
										(RMB)	Vesting period
Li Yeqing	Executive director & CEO	0	161,514	0	0	0	161,514				
Liu Fengshan	Executive director	0	59,164	0	0	0	59,164				
Ming Jinhua	Then-serving Chairman of the Board of Supervisors	0	55,347	0	0	0	55,347				
Zhang Lin	Then-serving Supervisor	0	35,626	0	0	0	35,626	13.1	2025.9.24	17.90	2026.9.24–2028.9.24
Liu Weisheng	Then-serving Supervisor	0	32,445	0	0	0	32,445				
Liu Sheng	Then-serving Supervisor	0	6,791	0	0	0	6,791				
Yang Xiaobing	Then-serving Supervisor	0	4,809	0	0	0	4,809				
Others	Other core employees	0	2,637,310	0	0	0	2,637,310				

Note:

- The granted price is the average transaction price at which this Phase III (2025) ESOP completed share purchase.
- The grant date is the announcement date on completion of share purchase under this Phase III (2025) ESOP.
- On the trading day immediately before 24 September 2025 (the grant date), the closing price of A share was RMB17.90.
- The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XII) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the executive Directors and the supervisors listed in the table above under the Phase III (2025) ESOP will not exceed the total number of shares he/she has already been granted; and the number of shares for any other core employee can be granted will not exceed 62,981.

Given the nature of the ESOP, the provisions under Rule 17.07(3) of the Listing Rules regarding the number of shares that may be issued and the related weighted average number are not applicable.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The remaining validity period for the Phase III (2025) ESOP

The Phase III (2025) ESOP shall be valid for up to 60 months from the day when the Company makes an announcement that the last portion of shares to be transferred to the Phase III (2025) ESOP are transferred (i.e. from 24 September 2025 to 23 September 2030). The Phase III (2025) ESOP shall be terminated automatically if it is not renewed upon expiry. The term of the Phase III (2025) ESOP may be extended upon approval of the Holders attending the Holders' Meeting and representing over two thirds of the underlying shares and the Board of Directors, provided, however, that the term of the Phase III (2025) ESOP shall be extended by 12 months each time. As at the date of this Report, the remaining validity period of the Phase III (2025) ESOP is approximately 4 years and 5 months.

(3) 2025 A-Share Restricted Share Incentive Scheme

On 12 November, 2025, the 4th Extraordinary Shareholders' Meeting reviewed and approved the 2025 A-Share Restricted Share Incentive Scheme (Draft) and Its Summary, Proposal on Implementation and Assessment Management Measures of 2025 A-Share Restricted Share Incentive Scheme and Proposal on Requesting Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2025 A-Share Restricted Share Incentive Scheme. The main terms of this incentive plan are summarized as follows:

1 Purpose of the Scheme

In order to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding talents, fully mobilise the enthusiasm of the Company's executive directors and senior management, effectively combine the interests of shareholders, the Company, and the core team, and ensure that all parties focus on the Company's long-term development.

2 Source and Number of the Underlying Shares

The incentive tool adopted in this Incentive Scheme is A-share restricted shares, which come from the A-share ordinary shares that the Company will repurchase from the secondary market.

The number of restricted shares proposed to be granted to the Participants under this Incentive Scheme will not exceed 2.5780 million shares, representing approximately 0.1240% of the Company's total share capital of 2,078,995,649 shares as of the announcement date of the draft Scheme.

3 Scope of Participants

The Participants under this Incentive Scheme shall be no more than 11, including the Company's executive directors and senior management personnel.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

4 Allocation of restricted shares granted to participants

The allocation of restricted shares granted under this Scheme among the Participants is shown in the following table:

Name	Position	Restricted Shares Held at Beginning of Reporting Period (10,000 shares)	Number of restricted shares granted (in 10,000 shares)	Proportion of the total number of restricted shares granted under this Scheme	Proportion of the Company's total share capital as of the announcement date of this Scheme	Granted price (RMB/share) ¹	Unlocked shares	Locked shares	Amount Paid/ Payable by Incentive Participants upon Acceptance of the Grant (RMB10,000)
Li Yeqing	Executive Director and President	0	91.59	35.53%	0.044%	8.9	0	91.59	815.151
Chen Qian	Chief Financial Officer and Vice President	0	17.86	6.93%	0.009%	8.9	0	17.86	158.954
Liu Fengshan	Executive Director and Vice President	0	16.77	6.51%	0.008%	8.9	0	16.77	149.253
Du Ping	Vice President	0	17.05	6.61%	0.008%	8.9	0	17.05	151.745
Mei Xiangfu	Vice President	0	17.05	6.61%	0.008%	8.9	0	17.05	151.745
Yang Hongbing	Vice President	0	16.50	6.40%	0.008%	8.9	0	16.50	146.85
Xu Gang	Vice President	0	17.86	6.93%	0.009%	8.9	0	17.86	158.954
Wang Jiajun	Vice President	0	16.77	6.51%	0.008%	8.9	0	16.77	149.253
Ye Jiaxing	Board Secretary and Vice President	0	16.77	6.51%	0.008%	8.9	0	16.77	149.253
Lu Guobing	Vice President	0	14.07	5.46%	0.007%	8.9	0	14.07	125.223
Tang Jun	Vice President	0	15.51	6.02%	0.007%	8.9	0	15.51	138.039
Total		0	257.80	100%	0.1240%	—	0	257.80	2294.42

5 Grant Price and Determination Method of A-share Restricted

In accordance with the 2025 A Share Restricted Share Incentive Scheme, The grant price of restricted shares shall not be lower than the nominal value of the shares, nor lower than the higher of the following prices:

- ① 50% of the average trading price of the A-shares on the trading day preceding to the announcement of this draft Scheme (total trading amount of the preceding trading day/total trading volume of the preceding trading day) at RMB18.48 per share, which is RMB9.24 per share;
- ② 50% of the average trading price of the A-shares for the 120 trading days prior to the announcement of this draft Scheme (total trading amount of the 120 prior trading days/total trading volume of the 120 prior trading days) at RMB15.54 per share, which is RMB7.77 per share.

If, between the announcement date of this Scheme and the completion of the registration of A-share restricted shares by the Participants, the Company undergoes actions such as capital reserve conversion into share capital, bonus issue, stock splits, rights issues, or share consolidation, the number of restricted shares shall be adjusted accordingly.

As the Company had completed the 2025 first-three-quarters profit distribution plan (with a cash dividend of RMB0.34 per share) prior to the registration of the A-Share Restricted Stock grant, the grant price of the A-Share Restricted Stock under this incentive plan has been finally determined at RMB8.9 per share. Accordingly, the incentive participants shall purchase the Company's A-Shares repurchased from the secondary market at a price of RMB8.9 per share.

6 Validity period of this Scheme

The validity period of this Scheme shall commence on the date of completion of the registration of the granted A-share restricted shares and shall continue until the date on which all the A-share restricted shares granted to the Participants is unlocked or repurchased and canceled, with a maximum duration not exceeding 60 months.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

7 *The lock-up period and unlocking arrangements under this Scheme*

The lock-up period for the A-share restricted shares granted under this Scheme shall be 36 months and 48 months respectively from the date of registration completion for the corresponding portion of the grant. The Participants shall not transfer, use as collateral, or repay debts with the A-share restricted shares granted under this Scheme before unlocking.

If the conditions for unlocking are not met in the current period, the restricted shares shall not be unlocked or the unlocking of which shall be deferred to the next period. After the expiry of the lock-up period, the Company shall process the unlocking for the Participants who meet the unlocking conditions, and the restricted shares held by those who do not meet the conditions shall be repurchased by the Company.

The unlocking period and unlocking schedule for each phase of the A-share restricted shares granted under this Scheme are as follows:

Unlocking Arrangement	Unlocking Schedule	Maximum proportion of restricted shares eligible for unlocking in the restricted shares granted under this Scheme
First Unlocking Period	From the first trading day after 36 months from the completion of the registration of the granted restricted shares to the last trading day within 48 months from the completion of the registration of the granted restricted shares	50%
Second Unlocking Period	From the first trading day after 48 months from the completion of the registration of the granted restricted shares to the last trading day within 60 months from the completion of the registration of the granted restricted shares	50%

8 *Registration of Restricted Shares*

On 31 December 2025, China Securities Depository and Clearing Corporation Limited Shanghai Branch issued a Transfer Registration Confirmation Letter, transferring the company's 2.578 million restricted tradable shares from the company's repurchase special securities account to the securities accounts of the 11 incentive participants and completing registration confirmation. The total restricted shares granted and registered under this incentive scheme amounted to 2.578 million shares, with a registration completion date of 31 December 2025.

9 *Remaining Term of this Incentive Plan*

This incentive plan shall have a duration not exceeding 60 months, commencing from the date on which the restricted shares are transferred to the incentive participants' accounts (i.e., from 31 December 2025 to 31 December 2030). As of the disclosure date of this report, the remaining effective period of this incentive plan is approximately 4 years and 8 months.

(XIV) FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group had no other future plans for material investments or capital assets.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

(I) DISCUSSION OF CORPORATE GOVERNANCE

There is no material deviation from the corporate governance practices and provisions on governance of listed companies in all applicable laws, administrative regulations and CSRC regulations.

The Company's corporate governance structure conforms to the requirements of modern enterprise system and the *Code of Corporate Governance for Listed Companies*. The Company constantly improves the corporate governance structure and standardizes the company operation in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *SSE Listing Rules* and other laws, regulations and normative documents, combined with the actual situation of the Company.

As of the date of this report, the members of the Board the Directors of the Company are set out below:

Executive Directors:

Mr. LI Yeqing

Non-executive Directors:

Mr. XU Yongmo (*Chairman*)

Mr. Martin KRIEGNER

Mr. Olivier Milhaud

Ms. TAN Then Hwee

Independent Non-executive Directors:

Mr. WONG Kun Kau

Mr. ZHANG Jiping

Mr. JIANG Hong

Note:

1. Mr. Lo Chi Kong, a Non-executive Director, resigned from his positions as Director of the Company, member of each of the audit committee and the remuneration and assessment committee of the Board and chairman of the governance and compliance committee of the Board on 4 June 2025.
2. Mr. Olivier Milhaud be appointed as Non-executive Director on 15 July 2025, and be appointed as member of the audit committee and chairman of the governance and compliance committee of the Board on 21 August 2025. Mr. Olivier Milhaud obtained legal advice as described in Rule 3.09D of the Listing Rules on 15 July 2025 and confirmed that he understands his responsibilities as a director of the listed issuer.
3. Ms. Tan Then Hwee, a Non-executive Director, be appointed as member of the remuneration and assessment committee.
4. Mr. Liu Fengshan, an Executive Director, resigned from his positions as Director of the Company, member of the Board Governance and Compliance Committee, and Vice President on 30 March 2026.

The Company also complies with the *Corporate Governance Code* as set out in Appendix C1 to the HKEX Listing Rules (the "Corporate Governance Code"). The Company's corporate governance practices:

1. Shareholders and shareholders' general meetings: The Company convened and held shareholders' general meetings in accordance with the *Articles of Association of the Company*, *Procedural Rules of the Shareholders' General Meeting* and other relevant provisions. During the Reporting Period, the Company held the 2024 Annual General Meeting. When deliberating relevant proposals, the Company offered shareholders to vote online to protect the rights and interests of shareholders. The convening and voting procedures of previous shareholders' general meetings of the Company were all witnessed by lawyers on the spot and legal opinions were also issued. The resolutions of the shareholders' general meetings are legal and valid. During the Reporting Period, none of the shareholders engaged in insider dealing or damaged the interests of the Company and other shareholders.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

2. The relationship between the controlling shareholders and the Company: The Company and the controlling shareholders are independent from each other in terms of personnel, assets, finance, organization and business, and each of them has independent accounting and bears responsibilities and risks independently. The controlling shareholders exercised the rights of investors and undertook obligations in strict accordance with the provisions of the *Company Law* of the People's Republic of China and the *Articles of Association of the Company*. The controlling shareholders abode by the code of conduct, and did not constitute horizontal competition with the Company, did not directly or indirectly interfere in the decision-making and business activities of the Company, and did not appropriate the Company's funds or require guarantee for it or for others. The Board of Directors and internal departments of the Company operated independently.
3. Directors and the Board of Directors: All Directors exercised their rights and obligations according to laws and their own professional knowledge and ability to make independent, objective and fair judgments on the proposals submitted to the Board of Directors in good faith, diligence and responsibility in strict accordance with the *Articles of Association*, *Procedural Rules of the Board of Directors* and relevant laws and regulations. In the deliberation of proposals on connected transactions, directors that are not connected abstained from voting to ensure the fairness and reasonableness of connected transactions.
4. Information disclosure and transparency: The Company, in strict accordance with the provisions of the listing rules of the place where the Company's shares are listed, truly, accurately, completely and timely fulfilled its obligation of information disclosure in a just, fair and open way and ensured confidentiality before information disclosure, so that all shareholders can have equal access to the information.
5. Investor relations and stakeholders: The Company attached great importance to the maintenance of investor relations. The Company designated the Secretary to the Board of Directors and the representative of securities affairs to be responsible for information disclosure and investor relations management, and treated the visits and consultations from shareholders and investors seriously. The Company fully respected and safeguarded the legitimate rights and interests of creditors, customers, suppliers and other stakeholders, strived for balance of interests among shareholders, employees and the society, actively participated in public welfare undertakings, valued its social responsibility, and promoted the steady and sustainable development of the Company.
6. Registration and management of insiders who have access to inside information: During the Reporting Period, the Company implemented the *Registration System for Insiders Who Have Access to Inside Information* in strict accordance with the requirements of regulators. In accordance with the *Registration System*, the Company has registered and put on record the information of insiders involved in the disclosure of inside information in the Company's regular reports. During the Reporting Period, there was no illegal insider dealing of the Company's stocks.
7. Anti-corruption, anti-fraud and reporting system and policies: The Company has formulated anti-bribery and anti-corruption regulations in accordance with the *Basic Internal Control Norms for Enterprises* and other relevant laws and regulations, together with the actual situation of the Company, to safeguard the legitimate rights and interests of the Company and shareholders and to reduce risks faced by the Company.

As at the end of the Reporting Period, the corporate governance structure of the Company has been perfected, meeting the requirements of the *Company Law* of the People's Republic of China and CSRC. The Company has adopted the principles and provisions of the *Corporate Governance Code*. During the Reporting Period, the Company complied with the provisions contained in the *Corporate Governance Code*.

The shareholders' general meeting and the Board of Directors operated effectively in strict accordance with the *Articles of Association* of the Company and their respective procedural rules. For the disclosure required under the *Corporate Governance Report* set out in Appendix C1 to the HKEX Listing Rules, please refer to relevant contents in Section 4 "Directors' Report", this section and other sections.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

(II) COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the HKEX Listing Rules (the “Model Code”) as the code of conduct for all directors and relevant employees (as defined in the Corporate Governance Code) for securities transactions of the Company. Having made enquiries to the directors, the directors confirmed that they have strictly complied with the provisions set out in the *Model Code* during the Reporting Period. At the same time, to the best of the Company’s knowledge, there were no violations of the *Model Code* by employees.

(III) SPECIFIC MEASURES TAKEN BY CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS TO ENSURE THE INDEPENDENCE IN TERMS OF ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS OF THE COMPANY, SOLUTIONS ADOPTED RELATING TO THE COMPANY’S INDEPENDENCE AS WELL AS SCHEDULES AND FOLLOW-UP WORK PLANS

Applicable Not applicable

The engagement of the controlling shareholders, de facto controllers and entities under their control in the same or similar business with the Company, the impact of horizontal competition or major changes in horizontal competition on the Company, the solutions taken, the progress of the solutions and the follow-up solutions.

Applicable Not applicable

(IV) RIGHTS OF SHAREHOLDERS

1. Convening extraordinary general meetings

In accordance with the *Articles of Association of the Company*, shareholders separately or aggregately holding no less than 10% of the Company’s issued shares have the right to propose the Board to convene an extraordinary general meeting by way of written request(s). The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the *Articles of Association*. If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within five days after the Board resolved to do so. If the Board makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders. If the Board of Directors does not agree to convene the extraordinary general meeting or does not reply within ten days upon receiving the request, shareholders separately or aggregately holding no less than 10% of the Company’s issued shares have the right to propose the Audit Committee to convene an extraordinary general meeting by way of written request(s). If the Audit Committee agrees to convene the extraordinary general meeting, notice convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the related shareholders. If the Audit Committee does not issue notice of the extraordinary general meeting within the required period, it will be considered as not going to convene and preside over the extraordinary general meeting, and shareholders separately or aggregately holding no less than 10% of the shares of the Company for ninety or more consecutive days have the right to convene and preside over the meeting on their own. The Company shall bear the costs and expenses necessary for the extraordinary general meetings, which are convened by the Audit Committee or shareholders on their own initiative.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

2. Procedures for shareholders' making inquiries to the Board of Directors

In accordance with the Articles of Association of the Company, when a shareholder demands for inspection of information mentioned in the preceding article or demands for any information, it shall provide written proof of the class and number of shares held by him/her, and such information shall be provided upon his/her shareholder capacity being verified.

Shareholders who wish to inspect the information mentioned in the preceding article or request documents may entrust intermediary institutions such as accounting firms, law firms, etc. Shareholders and the intermediary institutions entrusted by them to inspect and copy relevant materials shall comply with the relevant laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy, and personal information.

3. Procedures for shareholders' presenting proposals to shareholders' general meetings

In accordance with the Articles of Association of the Company, shareholders separately or aggregately holding no less than 1% of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motion within two days after receiving the proposed motions. The convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting.

The notice of general meetings shall include the following information: the venue, date and duration of the meeting; the delivery time and place of the authorization letter for proxy voting of the meeting; the record date of registration of shareholders entitled to attend the general meeting; the name and phone number of the regular contact person for the meeting; the time, procedure, and deliberation of online voting or voting by communication.

4. Procedures for directing shareholders' enquiries to the Board

Enquiries may be put to the Board by contacting either the Company Secretary through (0086) 27 87773898 or email at investor@huaxincem.com or directly by questions at an annual general meeting or an extraordinary general meeting. Questions on the procedure for convening or putting forward proposals at an annual general meeting or an extraordinary general meeting may also be put to the Company Secretary through the same means.

(V) BOARD OF DIRECTORS

The Board of Directors serves as the permanent body of the Company for making operational decisions and is responsible to the shareholders' general meeting. As at the date of this annual report, the Board of Directors is composed of 8 directors including three independent non-executive directors. The Board of Directors strictly abides by the Articles of Association of the Company, the Procedural Rules of the Board of Directors and relevant laws and regulations in performing its duties.

All directors are entitled to acquire the Company's documents (including but not limited to management account, operation result and statistics, audit result and related information and prediction of other industries and market), to seek help and professional opinions from corporate secretary (if any), the fee of which shall be borne by the Company. The Company also took multiple measures and methods to provide the information to independent and non-executive directors for them to learn about the business and operation situation, organized them to pay field visit and exchange with the management to ensure adequate fulfillment of responsibility of the board and safeguard shareholders' interests.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

The Directors confirm their individual and collective responsibility for preparing the financial statements of the Company for the year ended 31 December 2025. The Board has set up special committees including the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee, the Strategy Committee and the Governance and Compliance committee etc. Those special committees have formulated their respective terms of references, are responsible to the Board of Directors, and make proposals and advisory opinions to the Board of Directors for deliberation under the unified leadership of the Board. Those special committees may engage an intermediary agency to provide independent professional advice, and the relevant expenses shall be borne by the Company. During the Reporting Period, aimed at making more scientific decisions and operating in a more standard and more effective manner, the Board of Directors actively expanded channels for information exchange, strengthened communication with the management, and timely responded to major issues.

During the Reporting Period, all Directors worked diligently and in strict accordance with the Articles of Association of the Company and the Procedural Rules of the Board of Directors. As of the date of this report, the Eleventh Board of Directors of the Company is composed of 8 members: Mr. Li Yeqing as executive Directors, Mr. Xu Yongmo, Mr. Martin Kriegner, Mr. Olivier Milhaud and Ms. Tan Then Hwee as non-executive Directors, and Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong as independent non-executive Directors. Each of the Directors serves a term of three years.

There is no financial, business, family or other material/relevant relationship between the members of the Board of Directors, and between the Chairman and the Chief Executive (i.e. the President).

Directors' attendance at Board Meetings and Shareholders' General Meetings

Name	Number of meetings required to attend	Present at board meetings				Absent or present by proxy successively for twice	Present at annual general meeting
		Present in person	Present by means of communication	Present by proxy	Absent		
Non-executive Director and Chairman of the Board							
Xu Yongmo	13	13	3	0	0	No	6
Executive Directors							
Li Yeqing	13	13	3	0	0	No	6
Liu Fengshan	13	12	3	1	0	No	6
Non-executive Directors							
Martin Kriegner	13	13	3	0	0	No	5
Olivier Milhaud	7	7	1	0	0	4	
Tan Then Hwee	13	12	3	1	0	No	6
Lo Chi Kong	4	4	1	0	0	No	2
Independent non-executive Directors							
Wong Kun Kau	13	13	3	0	0	No	6
Zhang Jiping	13	13	3	0	0	No	6
Jiang Hong	13	13	3	0	0	No	6

Note:

- Mr. Lo Chi Kong resigned from his position as a Non-executive Director of the Company on 4 June 2025, and Mr. Olivier Milhaud was elected as a Non-executive Director of the Company on 15 July 2025.
- Mr. Olivier Milhaud be appointed as a Non-executive Director of the Company on 15 July 2025.
- Mr. Liu Fengshan resigned from his position as an Executive Director of the Company on 30 March 2026.

Objections raised by directors to matters relating to the Company:

Applicable Not applicable

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

The number of board meetings within the period	13
Among: 1.on-site meeting	3
2.Meeting by circular resolution	3
3.On-site + circular resolution	7

Directors' training

All Directors (Mr. Li Yeqing, Mr. Liu Fengshan, Mr. Xu Yongmo, Mr. Martin Kriegner, Mr. Olivier Milhaud, Mr. Lo Chi Kong, Ms. Tan Then Hwee, Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong) have participated in the Continuing Professional Development Programme during the Reporting Period for knowledge and skill update, so that they can continue to make informed and relevant contributions to the Board of Directors and that they are fully aware of their responsibilities, duties and obligations as directors of a dual-listed company.

(VI) FULFILLMENT OF CORPORATE GOVERNANCE DUTIES BY THE BOARD OF DIRECTORS

In accordance with the regulatory requirements governing securities in the place of listing of the Company's shares, the Board of Directors strictly implemented the provisions of the *Procedural Rules of the Board of Directors* in performing its corporate governance duties, including but not limited to:

- Formulating and reviewing corporate governance policies and practices of the Company and giving suggestions.
- Reviewing and monitoring the training and continuing professional development of directors and senior management. During the Reporting Period, the Board of Directors communicated relevant regulatory laws and regulations to the directors and senior management in a timely manner to help them continuously develop their professional competence and better perform their duties.
- Reviewing and monitoring the Company's abidance by laws and regulations in terms of policies and practices. The Board of Directors continuously monitored the Company's operational compliance. The Company set up a Legal Department and engaged law firms to reduce legal and regulatory risks.
- Reviewing the Company's compliance with *Corporate Governance Code* contained in Appendix C1 to the *HKEX Listing Rules* and its disclosures in the *Corporate Governance Report*. The Board of Directors required the Company to strictly comply with the requirements on corporate governance set forth in the listing rules of the place where the shares of the Company are listed and disclose relevant corporate governance information in a timely manner.

The Company has formulated internal policies and mechanisms (including but not limited to the Articles of Association, the *Procedural Rules of the Board of Directors* and the respective terms of references of the special committees) to ensure that the Board has access to independent views and opinions. The implementation and effectiveness of the relevant policies and mechanisms have been reviewed by the Board during the Reporting Period and will be reviewed annually. The Board considered that such policies and mechanisms were effective during the Reporting Period.

(VII) CHAIRMAN AND PRESIDENT

To ensure power balance and enhance independence and accountability, the position of Chairman and President (i.e. chief executive as defined in the Corporate Governance Code) of the Company are held by Mr. Xu Yongmo and Mr. Li Yeqing respectively.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

The Chairman shall exercise the following functions and powers: to preside in shareholders' general meetings and to convene and preside in board meetings; to supervise and inspect the implementation of resolutions of the Board of Directors; to sign securities to be issued by the Company; to sign significant documents to be issued by the Board of Directors; other functions and powers conferred by the Board of Directors or listing rules of the stock exchanges where the Company's shares are listed. The Chairman shall be accountable to the Board of Directors and report on works to the Board of Directors.

The President is the legal representative of the Company and shall exercise the following functions and powers: to be in charge of the Company's operation and management, and to organize the implementation of the resolutions of the Board of Directors and report on works to the Board of Directors; to organize the implementation of the Company's annual business plan and investment proposals; to draft plans for the establishment of the Company's internal management structure; to draft the Company's basic management regulations; to formulate specific rules and regulations for the Company; to propose the appointment or dismissal by the Board of Directors of the Company's deputy vice president and head of finance; to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors; other functions and powers conferred by the Articles of Association of the Company or the Board of Directors. As requested by the Board of Directors, the President shall timely provide the Board of Directors with important information concerning the Company, including but not limited to the operating results, major transactions and contracts, financial data and business viability, and submit truthful, objective and complete reports to the Board of Directors.

The respective duties of the Chairman and the President are clearly defined and set out in the Articles of Association of the Company.

(VIII) INDEPENDENT NON-EXECUTIVE DIRECTORS

According to the Procedural Rules of the Board of Directors, directors shall serve a term of three years and may serve a consecutive term if re-elected, but the term of independent non-executive directors shall not be more than six years. As of the date of this report, the Board of Directors of the Company comprised of 8 directors, including three independent non-executive directors. Mr. Jiang Hong, an independent non-executive director, is qualified for accounting and financial management. The composition of the Board of Directors complies with Rule 3.10(1) "The board of directors must include at least three independent non-executive directors", Rule 3.10A "Independent non-executive director must represent at least one-third of the board" and Rule 3.10(2) "At least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise" of the HKEX Listing Rules.

(IX) SPECIAL COMMITTEES TO THE BOARD OF DIRECTORS

The Board of Directors has set up five special committees including the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee, the Strategy Committee and the Governance and Compliance Committee. Those committees performed their duties and authorities assigned by the Board of Directors with due diligence and in accordance with laws, regulations, the Articles of Association of the Company and their respective terms of references, and have played a positive role in improving the corporate governance structure and the development of the Company. During the Reporting Period, the Board of Directors did not raise any objection to the board proposals and non-board proposals for the year.

1. The Company has set up the Strategy Committee in accordance with the *Code of Corporate Governance for Listed Companies*. The Strategy Committee is mainly responsible for conducting feasibility study on the Company's long-term strategic plan and major strategic investment, reporting to and accountable to the Board of Directors. The terms of reference of the Strategy Committee have been published on the websites of the Company and SSE.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

2. The Company has set up the Audit Committee in accordance with Rules 3.21 and 3.22 of the HKEX Listing Rules and the requirements of CSRC and SSE. The Audit Committee is responsible for conducting internal audit and supervision on the Company's financial income, expenditure and economic activities, reporting to and accountable to the Board of Directors. The terms of reference of the Audit Committee have been published on the websites of the Company and SSE. The Audit Committee will review the effectiveness of the risk management and internal control system annually.

During the Reporting Period, the Audit Committee held meetings to jointly review the Company's financial and accounting policies, internal control systems and relevant financial matters; expressed opinions on matters relating to the engagement of external auditors; received external auditor's reports on the audit and review of the financial report, and analyzed and reviewed financial data in combination with other relevant information of the Company according to the requirements of laws, regulations and rules, so as to ensure the integrity, fairness and accuracy of the Company's financial statements, reports and other relevant data; guided the internal audit, evaluated the work of the finance department, audit department and their responsible persons; supervised the improvement of the Company's risk management and internal control system; assessed the effectiveness of risk management and internal control system; reviewed continuing connected transactions, conducted conflict of interests management, audited the Company's entrusted wealth management business and met two times with the Company's auditors, to establish a sound and effective internal control system.

During the Reporting Period, in accordance with the *Company Law*, the *Securities Law*, the *Accounting Law of the People's Republic of China*, the *Basic Internal Control Norms for Enterprises* and its supporting guidelines, the *Guidelines of SSE for the Internal Control of Listed Companies* and other regulatory rules on internal control, the Audit Committee identified, assessed and sorted out the important risks faced by the Company and improved the Company's risk management control measures, to ensure that the control measures targeted towards major risks are well-founded, relevant resources are in place and properly applied, and the risks are well under control. The Audit Committee believes that the Company's risk management and internal control system is effective and adequate and complies with the requirements of the governance code for listed companies issued by the CSRC.

During the Reporting Period, the Audit Committee held 2 meetings with the audit institutions engaged by the Company.

3. The Company has set up a Nomination Committee in accordance with Rule B.3.1 of the *Corporate Governance Code* and the requirements of CSRC and SSE. The Nomination Committee is mainly responsible for raising proposals on the replacement of directors and senior management, selecting and recommending new candidates to the Board of Directors, and evaluating the independence of independent non-executive directors. The terms of reference of the Nomination Committee have been published on the websites of the Company, SSE and SEHK.

The Company has formulated the *Board Diversity Policy*, which involves: (1) Policy statement: When deciding the composition of the Board of Directors, the Company will take into account the board diversity from various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, expertise and term of service. All appointments to the Board of Directors will be made based on competence of the candidates, as well as the diversity under objective conditions. (2) Measurable objectives: The Company will select candidates based on a variety of criteria, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, expertise and term of service. As of 31 December 2025, the Company has one female Director, which has satisfied the policy of diversity of the board of the Company. The Board is mindful of the measurable objectives as set out in *the Board Diversity Policy* for assessing the candidacy of the board members and will ensure that any successors to the *Board shall follow the Board Diversity Policy*. As at 31 December 2025, the gender ratio in the Company's workforce (including senior management) was approximately 80.49% male and 19.51% female.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Nomination Committee held a meeting to, among other things, review the structure, size and composition of the Board (including expertise, knowledge and experience) as well as the composition of the CEO and other senior management positions and the Board Diversity Policy, and to assess the independence of the independent non-executive Directors. The Nomination Committee had taken into account a number of factors including the size and composition of the Board, a balance of skills and experience of the Board as well as its diversity in setting its appointment criteria.

The implementation and effectiveness of *Board Diversity policy* have been reviewed by the Board during the Reporting Period and will be reviewed annually. The Company acknowledges that the composition of the Board of Directors, members' background and procedures for selecting new directors comply with the requirements of the HKEX Listing Rules on board diversity and the requirements of the Company's Board Diversity Policy.

4. The Company has established a Remuneration and Assessment Committee in accordance with Rules 3.25 and 3.26 of the *HKEX Listing Rules* and the requirements of CSRC and SSE. The Remuneration and Assessment Committee is mainly responsible for the formulation, management and assessment of the remuneration system for directors and senior management of the Company, approving the terms of executive directors' service contracts, and making suggestions on the remuneration for executive directors and senior management to the Board of Directors. The Remuneration and Assessment Committee reports to and is accountable to the Board of Directors. The terms of reference of the Remuneration and Assessment Committee have been published on the websites of the Company, SSE and SEHK.
5. During the Reporting Period, the members and meetings of the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee, the Strategy Committee and the Governance and Compliance Committee of the Company are as follows:

Members of special committees to the Board of Directors(As of the date of this report)

Types of special committees

Types of special committees	Name of member
Audit Committee	Chairman: Jiang Hong (Independent Non-executive Director). Members: Wong Kun Kau (Independent Non-executive Director), Zhang Jiping (Independent Non-executive Director); Xu Yongmo (Non-executive Director and Chairman);Olivier Milhaud (Non-executive Director).
Nomination Committee	Chairman: Zhang Jiping (Independent Non-executive Director). Members: Wong Kun Kau (Independent Non-executive Director), Jiang Hong (Independent Non-executive Director), Li Yeqing (Executive Director), Tan Then Hwee (Non-executive Director).
Remuneration and Assessment Committee	Chairman: Wong Kun Kau (Independent Non-executive Director). Members: Zhang Jiping (Independent Non-executive Director), Jiang Hong (Independent Non-executive Director), Tan Then Hwee (Non-executive Director), Xu Yongmo (Non-executive Director and Chairman).
Strategy Committee	Chairman: Li Yeqing (Executive Director). Members: Xu Yongmo (Non-executive Director and Chairman), Martin Kriegner (Non-executive Director), Wong Kun Kau (Independent Non-executive Director).
Governance and Compliance Committee	Chairman: Olivier Milhaud (Non-executive Director). Members: Tan Then Hwee (Non-executive Director), Jiang Hong(Independent Non-executive Director), Zhang Jiping (Independent Non-executive Director).

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held 6 meetings in total. All members attended these meetings in person and discussed matters as follows:

Time	Agenda	Opinions and suggestions
2025.3.26	<p>Review:</p> <ol style="list-style-type: none"> 1. Financial report 2024 of the Company, announcement on the annual performance 2. Annual Internal Control Assessment Report 2024 3. Proposal on Reappointment of the Accounting Firm for 2025 Financial Audit and Internal Control Audit of the Company 4. Duty Performance Report 2024 of the Audit Committee. 5. Report on the Supervision by the Audit Committee on the Duty Performance of the Accounting Firm in 2024 <p>Hear:</p> <ol style="list-style-type: none"> 1. Report by the Accounting Firm on the Completion of Audit of 2024 and Key Concerns 2. 2024 IA & IC Work Report 	<p>Agreed all items in the meeting; agree to submit review item 1-3 to the Board for review;</p> <p>Provided relevant suggestions on overseas performance, accelerating IT global integration, strengthening the development of overseas internal control systems, accounts receivable management, and internal control activity management and system optimization.</p>
2025.4.29	<p>Review:</p> <p>2025 First Quarterly Report</p>	<p>Agreed to submit the item to the Board for review; recommendations have been made concerning the operations in the RMX.</p>
2025.5.22	<p>Review:</p> <p>Proposal on Providing Guarantees to the Third Party Logistics Supplier</p>	<p>Attention was drawn to the business model and risk management aspects, with recommendations to refine the related content and feasibility assessment.</p>
2025.8.29	<p>Review:</p> <p>Half Year Report 2025 (incl. financial report) of the Company, announcement on the half year results</p> <p>Hear:</p> <p>IA & IC Work Progress of 2025</p>	<p>Agreed all items in the meeting; agree to submit the review item to the Board for review; put forward suggestions for RMX receivable management, human resources and training of overseas IA&IC.</p>
2025.10.24	<p>Review:</p> <p>2025 3rd Quarterly Report</p>	<p>Agreed to submit the item to the Board for review; raised concerns regarding overseas market share, operating cash flow from aggregate and RMX business, net profit from overseas operations, benefits from alternative fuels, etc.</p>
2025.12.18	<p>Review:</p> <ol style="list-style-type: none"> 1. 2025 Annual Audit Plan 2. 2026 Internal Audit and Internal Control Plan 	<p>Agree all items in the meeting. Raised concerns and suggestions to the long term (idled) assets, tax management, management of internal audit and control.</p>

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Nomination Committee held 3 meetings. All members attended the meetings in person and discussed matters as follows:

Time	Agenda	Opinions and suggestions
2025.3.26	Hear: Work Report on the Digitalization of the Purchasing, Logistics and Overseas Trade	Offered relevant suggestions regarding the overseas logistics digitalization initiatives.
2025.6.18	Review: Proposal on Nominating Mr. Olivier Milhaud as a Director Candidate for the Eleventh Board of Directors	Agreed to submit the review items to the Board for review
2025.12.18	Introduction and sharing of internationally recognized talent development program by directors; Hear the talent development plan for core positions of the Company.	Raised suggestions on the cultivation and management of talents.

During the Reporting Period, the Remuneration and Assessment Committee held 6 meetings. All members attended the meetings in person and discussed matters as follows:

Time	Agenda	Opinions and suggestions
2025.3.21	Review: Executive Remuneration and Long Term Incentive (VP)	Raised suggestions on the benchmark groups and weight of indexes of the executive remuneration and agreed to submit the proposal to the Board for review
2025.4.17	Review: 1. CEO Compensation Plan 2. VP Compensation and Performance Assessment Plan	Agree to submit the item to the Board for review
2025.5.20	Review: 1. Proposal on the Granting Result of 2024 Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan 2. Proposal on the Phase III (2025) Core Employee Stock Ownership Plan Under 2023–2025 Core Employee Stock Ownership Plan of the Company 3. Proposal in Respect of 2024 Short-term Incentives for the Senior Management 4. 2025 KPI Assessment Plan for Top Management 5. Proposal on Adjusting the Annual Allowances of Independent Directors	Agreed to submit Proposals 1–4 to the Board for review, and to submit Proposal 5 to the Board after the adjustment
2025.10.03	Review: 1. 2025 A-Share Restricted Share Incentive Scheme (draft) 2. The Implementation and Assessment Measures of 2025 A-Share Restricted Share Incentive Scheme (draft)	Agreed with the implementation of the restricted share incentive scheme and submit it to the board

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

Time	Agenda	Opinions and suggestions
2025.11.04	Review the List of Incentive Participants for the Company's 2025 A-Share Restricted Share Incentive Scheme	The committee believes that the incentive participants granted under this incentive scheme meet the conditions stipulated by relevant laws, regulations, and normative documents, and are within the scope of incentive participants determined by this incentive scheme. They are legally and effectively qualified as incentive participants.
2025.12.09	Review: 1. Proposal on Adjusting Related Matters in the 2025 A Share Restricted Share Incentive Scheme 2. Proposal on Granting A-Share Restricted Shares to Incentive Participants Reviewed the list of incentive participants (on the grant date)	Agreed to grant 2,578,000 restricted shares to 11 incentive participants on 9 December 2025, with a grant price of 8.90 yuan per share and submit it to the board for review.

During the Reporting Period, the Strategy Committee held 2 meetings in total. All members attended these meetings in person and discussed matters as follows:

Time	Agenda	Opinions and suggestions
2025.7.07	Corporate Strategy Report (2025–2028)	A discussion was held on the macroeconomic landscape, domestic business strategy, overseas business strategy, carbon reduction and value-added innovation strategy, corporate strategic choices, and consolidated financial forecasts. Recommendations were provided concerning potential issues and risks that may arise during the implementation of each business strategy.
2025.12.18	Macro situation outlook and key strategy review	Discussion and consensus on topics including the macroeconomic outlook, industry development trends, low-carbon development, the effectiveness of integrated development, overseas expansion, and technological innovation.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Governance and Compliance Committee held 1 meetings in total. All members attended these meetings in person and discussed matters as follows:

Time	Agenda	Opinions and suggestions
2025.12.19	Hear: 1. Report on Corporate Ecological and Environmental Compliance Risks and Mitigation Measures 2. Report on Compliance of Corporate Warranty and Permit Management 3. Report on Litigation Defense Cases for 2025 4. Analysis of the Private Economy Promotion Law	Showed concerns about the risks on the environmental protection compliance, mitigation measures, warrants management and litigation cases and warned risks

(X) JOINT COMPANY SECRETARIES

Mr. Ye Jiaxing serves as the Joint Company Secretary of the Company and is responsible for advising the Board of Directors on corporate governance matters. In addition, to ensure good corporate governance and compliance with the HKEX Listing Rules, the Company has appointed Ms. Lee Mei Yi, an Executive Director of Corporate Services Division of Tricor Services Limited and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, as the Joint Company Secretary to assist Mr. Ye Jiaxing in fulfilling his obligations and responsibilities. The main contact within the Company for Ms. Lee Mei Yi is Mr. Ye Jiaxing (Vice President and Secretary to the Board of Directors of the Company).

In 2025, both Mr. Ye Jiaxing and Ms. Lee Mei Yi complied with the training requirements set out in Rule 3.29 of the HKEX Listing Rules.

(XI) DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The financial statements and results announcement of the Company for the year ended 31 December 2025 have been reviewed by the Audit Committee. All Directors agreed and confirmed their and individual and collective responsibility for preparing the accounts as contained in the financial report for the year under review. The directors are responsible for the preparation of the financial statements for the relevant accounting periods under applicable statutory and regulatory requirements which gave a true and fair view of the financial status, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2025, applicable accounting policies have been adopted and applied consistently. The directors are not aware of any uncertain events or circumstances which may materially affect the Company's ability to continue as a going concern.

(XII) SPECIAL DESCRIPTION OF CASH DIVIDEND POLICY

Meet the requirements of the <i>Articles of Association</i> or resolutions of shareholders' general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Dividend distribution standard and ratio are clear and cut	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Decision procedure and system are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Independent directors performed duties and played their roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Minority shareholders fully expressed their opinions and requests, and their legitimate rights have been fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

(XIII) DEVELOPMENT AND IMPLEMENTATION OF INTERNAL CONTROL POLICIES DURING THE REPORTING PERIOD

1. Internal control responsibility statement

The Board of Directors of the Company is responsible for establishing, improving and effectively implementing the internal control system, evaluating system effectiveness and truthfully disclosing the report on internal control effectiveness. In accordance with the *Company Law*, the *Securities Law*, the *Accounting Law of the People's Republic of China* and the *Guidelines of SSE for the Internal Control of Listed Companies*, *Basic Internal Control Norms for Enterprises* and other internal control rules, the Board of Directors has established and improved its risk control measures. i.e. risk-oriented internal control system, that cover various links in the Company's operation and management. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and the Board of Directors can only give reasonable instead of absolute assurance that there will be no material misstatement or loss. In the year, the Company, by testing the effectiveness of the internal control system on the spot, monitored risk level and provided reasonable assurance in terms of well-founded and standard application of operational risk control activities, secure asset security, as well as true, accurate and complete financial report and information disclosure, which promoted the Company's development.

2. Development of the Company's risk control and internal control systems

① *Risk control & internal control and their characteristics*

The Company has always been committed to building an internal control system that meets regulatory requirements. The Company has established such an internal control system that meets regulatory requirements and has organically integrated risk control and internal control through continuous optimization of the internal control mechanism, which contributes to significantly improved risk prevention and control capacity and means and is effective in the Company's management.

The Company enabled effective internal control system in place by promoting collaboration among three aspects, namely (i) the self-inspection on the operation of internal control by the Business Management Departments/Business Support Departments/Business Operations Departments, (ii) the independent evaluation by the internal audit department, and (iii) the internal control audit by the external accounting firm. At the same time, the Company launched an internal control management platform and some other measures to strengthen the ability of business departments to directly respond to risk control, thereby establishing a normalized risk-oriented internal control mechanism with extensive involvement among employees, making it more efficient for the Company to achieve the strategic objectives.

② *Organization structure regarding risk control and internal control*

The Board of Directors of the Company is responsible for the establishment, improvement and effective implementation of risk-oriented internal control, and shall assess its effectiveness at least once a year. Under the guidance and supervision of the Audit Committee to the Board of Directors, the Internal Audit and Internal Control Department of the Company is responsible for supervising, reviewing and evaluating the implementation of risk-oriented internal control by the Company and its subsidiaries, and coordinating internal control audit and other related matters. The Company's management is responsible for the effective operation of the risk-oriented internal control system.

During the Reporting Period, the Company conducted special audits on the effectiveness of risk control activities implemented by its 26 subordinate units and 20 audits on business process in high-risk fields such as procurement and sales and logistics, and organized annual internal control self-assessment within the headquarters and 312 subordinate units. The Company engaged Ernst & Young Hua Ming to audit the effectiveness of internal control over financial report, and a standard unqualified audit's report has been issued. During the Reporting Period, the Board of Directors assessed and confirmed the effectiveness and adequacy of the Company's internal control system.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

③ *Procedures for identifying, assessing and control material risks*

The Company has established an internal monitoring system for material information, procedures for processing and releasing stock price-sensitive data and internal monitoring measures, a *Material Internal Events Report Policy* to define the specific scope of material internal events, and an effective communication mechanism. The obligor for reporting material internal events is responsible for submitting data to the Secretary to the Board of Directors in a timely, accurate, true and complete manner. The Secretary to the Board of Directors is required to analyze the material information received, make a judgment and report to the President of the Company in time. Material information involving a disclosure obligation shall be reported to the Board of Directors and the Board of Supervisors and disclosed to the public according to relevant regulations.

In terms of information disclosure, the Company has formulated the *Administrative Measures for Information Disclosure* and the *Registration System for Insiders Who Have Access to Inside Information* to prevent improper use and dissemination of sensitive information. The *Registration System for Insiders Who Have Access to Inside Information* clearly stipulates the confidentiality management of inside information, the registration of insiders who have access to inside information and the accountability. The Company regularly reminded the directors and employees to comply with all policies adopted in relation to inside information, including compliance with the *Model Code* set out in Appendix C3 to the HKEX Listing Rules for the trading of the Company's securities. At the same time, the Company disclosed information truthfully, accurately, completely and in a timely manner in accordance with the *HKEX Listing Rules*, the *SSE Listing Rules* and the *Articles of Association of the Company*, to ensure that all investors have equal and timely access to information about the Company.

④ *Measures for major internal control deficiencies*

The Company has formulated the evaluation process and criteria for the lack of internal control. In case of a major lack of internal control that causes failure in achieving strategic objectives, asset security, business and compliance objectives, the internal audit department will promptly coordinate with responsible units to rectify it and report to the management, Audit Committee and Board of Directors. The Audit Committee and the Board of Directors will analyze and assess the impact on the Company and supervise the rectification. During the Reporting Period, the Company did not find any material internal control deficiency through internal control audit conducted by the accounting firm and internal audit and internal control self-assessment conducted by the internal audit department.

3. Description of the internal control audit's report

Ernst & Young Hua Ming engaged by the Company has audited the effectiveness of internal controls relating to the Company's financial report and issued a standard unqualified auditor's report.

The standard unqualified auditor's report has been disclosed together with the Annual Report. For details, please refer to the website of SSE (www.sse.com.cn).

4. Anti-corruption and whistleblowing measures

The Company's *Anti-Bribery and Anti-Corruption Rules* encourage employees to report any problems or suspected misconduct as early as possible. If an employee is unsure whether an action constitutes bribery or corruption, or has any other questions, he or she should refer such questions to his or her department head or to the Company's Discipline Committee or Supervisory Office.

Employees and those who deals with the Company, including customers and suppliers, may also raise concerns or report problems, in confidence and anonymity, about possible improprieties in any matter related to the Company by following the procedures set forth in the Company's whistleblowing policy and system.

CORPORATE GOVERNANCE & CORPORATE GOVERNANCE REPORT

5. Remuneration for independent auditors

Ernst & Young Hua Ming was appointed as an independent auditor of the Group on 27 May 2025 for the financial audit and internal control audit of the Company for the Reporting Period.

The remuneration paid/payable to Ernst & Young Hua Ming during the Reporting Period is set out below:

	Fees paid/payable (RMB)
Audit services — Annual audit and internal control audit	6,400,000
Non-audit services	<u>470,153</u>
	<u><u>6,870,153</u></u>

6. Communication with the shareholders

The Company has adopted the Shareholders' Communication Policy with the objective of ensuring that the shareholders will have equal and timely access to information about the Company in order to enable the shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

The shareholders are informed mainly through the Company's financial reports, annual general meeting and other extraordinary general meeting that may be held, as well as published disclosures submitted to the SEHK.

Communication channels between the Company and its shareholders include shareholder enquiries, corporate newsletters, corporate website, general meetings, investment market communications (including investor/analyst briefings, local and global roadshows, media interviews, investor promotions and topical forums, etc., which are regularly organized by the Company).

The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy during the Reporting Period. The Board considered that the Shareholders' Communication Policy remained effective and was properly implemented given the multiple channels of communication in place during the Reporting Period.

7. Documents of the articles of association

The Company convened the first extraordinary general meeting on 19 March 2025, and the third and fifth extraordinary general meetings on 24 October and 30 December 2025, respectively, at which the proposal on amending certain provisions of the Articles of Association was reviewed and approved, and the Articles of Association and its annexes were amended accordingly.

CORPORATE BONDS

(I) CORPORATE BONDS

Unit: RMB100 million

Name	Abbreviation	Code	Issuing date	Value date	Date of expiry	Bond balance	Coupon rate (%)	Principal and interest payment	Trading place	Risk of termination of listing
2022 public issuance of corporate bonds to professional investors (linked with low-carbon transformation 1st tranche) Type II	22 HX02	137545.SH	15 July, 2022	19 July, 2022	19 July, 2027	4	3.39	Interest is paid annually, with the principal repaid in full at maturity	SSE	No
2023 public issuance to professional investors "Belt and Road" Technology Innovation Corporate Bonds (1st tranche) (Type I)	23 HXK1	240065.SH	1 Dec, 2023	5 Dec, 2023	5 Dec, 2026	8	3.12	Interest is paid annually, with the principal repaid in full at maturity	SSE	No
2024 public issuance to professional investors Technology Innovation Corporate Bonds (1st tranche)	24 HXK1	241419.SH	12 August, 2024	14 August, 2024	14 August, 2029	11	2.49	Interest is paid annually, with the principal repaid in full at maturity	SSE	No
2025 public issuance to professional investors "Belt and Road" Technology Innovation Corporate Bonds (High-growth industry bond) (1st tranche)	25 HXK1	242246.SH	9 Jan, 2025	13 Jan, 2025	13 Jan, 2030	11	2.14	Interest is paid annually, with the principal repaid in full at maturity	SSE	No
2025 public issuance to professional investors Technology Innovation Corporate Bonds (2nd tranche)	25 HXK2	244020.SH	21 Oct, 2025	23 Oct, 2025	23 Oct, 2028	15	1.99	Interest is paid annually, with the principal repaid in full at maturity	SSE	No

(II) USE OF PROCEEDS FROM BOND ISSUANCE AT THE END OF THE REPORTING PERIOD

Unit: RMB100 million

Code	Abbreviation	Actually utilized amount	Payment of liability with interest (excluding corporate bonds)	Payment of liability with interest (including corporate bonds)	Replenishment of cashflow	Fixed asset investment	Amount involved in the equity investment, credit investment or asset acquisition
242246.SH	25 HX K1	11	0	0	3.3	0	7.7
244020.SH	25 HX K2	15	15	0	0	0	0

CORPORATE BONDS

(III) ADJUSTMENT OF CORPORATE BOND CREDIT RATING

Bonds/Rated Entity	Agency	Time of adjustment	Credit rating	Outlook change	Reason of change
Huaxin Building Materials Group Co., Ltd. Issuer Credit Rating	MOODY'S INVESTORS SERVICE	January, 2025	Baa2	Steady	Impacted by macro economy and industry trend domestically
2022 public issuance of corporate bonds to professional investors (linked with low-carbon transformation) (1st tranche) type I	China Chengxin International Credit Rating Co., Ltd	Not applicable	Unchanged	No change	Not applicable
2022 public issuance of corporate bonds to professional investors (linked with low-carbon transformation) (1st tranche) type II	China Chengxin International Credit Rating Co., Ltd	Not applicable	Unchanged	No change	Not applicable
2023 public issuance to professional investors "Belt and Road" Technology Innovation Corporate Bonds (1st tranche)	China Chengxin International Credit Rating Co., Ltd	Not applicable	Unchanged	No change	Not applicable
2024 public issuance to professional investors Technology Innovation Corporate Bonds (1st tranche)	China Chengxin International Credit Rating Co., Ltd	Not applicable	Unchanged	No change	Not applicable
2025 public issuance to professional investors "Belt and Road" Technology Innovation Corporate Bonds (High-growth industry bond) (1st tranche)	China Chengxin International Credit Rating Co., Ltd	Not applicable	Unchanged	No change	Not applicable

(IV) FINANCIAL INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY FOR THE TWO YEARS ENDED 31 DECEMBER 2025

Unit: RMB

Item	2025	2024	Change over the same period of last year (%)
Net profit attributable to shareholders of the Company after extraordinary items	2,694,131,224	1,784,428,724	50.98
Liquid ratio	0.97	0.87	11.49
Quick ratio	0.76	0.68	11.76
			Increase by 4.07
Asset-liability ratio (%)	53.87	49.80	Percentage points
EBITDA/total liabilities	0.38	0.41	-7.32
Interest coverage ratio	7.60	6.58	15.50
Cash interest coverage ratio	12.14	10.53	15.29
EBITDA Interest coverage ratio	12.57	10.89	15.43
Loan repayment ratio (%)	100	100	—
Interest repayment ratio (%)	100	100	—

CORPORATE BONDS

(V) BOND REDEMPTION & INTEREST PAYMENT DURING THE REPORTING PERIOD

Bond	Redemption and issuance
2020 overseas bonds	Paid in full and on time
2022 public issuance of corporate bonds to professional investors (linked to low carbon transformation) (1st tranche) Type I	Paid in full and on time
2022 public issuance of corporate bonds to professional investors (linked to low carbon transformation) (1st tranche) Type II	Paid in full and on time
2023 public issuance to professional investors “Belt and Road” Technology Innovation Corporate Bonds (1st tranche)	Paid in full and on time
2024 public issuance to professional investors Technology Innovation Corporate Bonds (1st tranche)	Yet to pay interest
2025 public issuance to professional investors “Belt and Road” Technology Innovation Corporate Bonds (High-growth industry bond) (1st tranche)	Paid in full and on time
2025 public issuance to professional investors Technology Innovation Corporate Bonds (2nd tranche)	Yet to pay interest

FIVE-YEAR FINANCIAL SUMMARY

The published results and assets, liabilities and minority interests of the Group for the past five financial years are as follows:

Unit: RMB Million

Item	For the year ended 31 December				
	2025	2024	2023	2022	2021
Revenue	35,348	34,217	33,757	30,470	32,464
Profit before taxes	4,950	4,112	4,326	3,988	7,373
Income tax expenses	1,412	1,158	1,108	965	1,568
Net profit	3,538	2,953	3,218	3,024	5,805
Net profit attributable to equity shareholders of the Company	2,853	2,416	2,762	2,699	5,364
Profit or loss attributable to minority interests	685	537	456	325	441
Item	2025	2024	2023	2022	2021
Total assets	81,073	69,513	68,748	64,242	52,550
Total liabilities	43,674	34,614	35,433	33,403	23,172
Total equity attributable to shareholders of the Company	32,061	30,291	28,933	27,446	26,730
Total equity attributable to minority interests	5,338	4,606	4,382	3,392	2,648

This summary does not form part of the audited consolidated financial statements.

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70009578_C01
Huaxin Building Materials Group Co., Ltd.

To the board of directors of Huaxin Building Materials Group Co., Ltd.:

I. AUDIT OPINION

We have audited the financial statements of Huaxin Building Materials Group Co., Ltd., which comprise the consolidated and company balance sheets as at 31 December 2025, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2025, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

II. BASIS FOR AUDIT OPINION

We have conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants. The section *Auditor's responsibilities for the audit of the financial statements* in the auditor's report further explains our responsibilities under these standards. In accordance with the "Code of Independence for Certified Public Accountants No. 1 — Requirements on Independence for Audit and Review Engagements of Financial Statements" and the Code of Ethics for Certified Public Accountants in China, we are independent of Huaxin Building Materials Group Co., Ltd., and have fulfilled other ethical responsibilities. We have complied with the independence requirements for audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including those in relation to these key audit matters. Accordingly, our audit included the performance of audit procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the key audit matters below, provide the basis for our audit opinion on the financial statements as a whole.

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70009578_C01
Huaxin Building Materials Group Co., Ltd.

III. KEY AUDIT MATTERS *(continued)*

Key audit matter:	How our audit addressed the matter:
<p><i>Expected credit losses on accounts receivable</i></p> <p>As at 31 December 2025, the carrying amounts of accounts receivable in the consolidated balance sheet and the company balance sheet were RMB3,203,781,601 and RMB445,090,455, respectively, and the amounts of provision for expected credit losses (“ECLs”) were RMB386,196,455 and RMB18,547,787, respectively. According to the different types of clients and other factors, the management classified the accounts receivable into groups of different credit risk characteristics. For each credit risk characteristic group, the management uses the ECL model to estimate and make provision for bad debts. When estimating the ECLs, the management takes relevant information into consideration, including the customer’s historical default rate and other specific factors (such as the type of customers, the historical collections and write-offs of bad debts), as well as the expected macroeconomic environment to consider the forward-looking information. At the same time, the management pays attention to the collection of accounts receivable to identify additional indicators of default or impairment and determine whether provision for bad debts assessed on an individual basis is required.</p> <p>As the amount of accounts receivable was significant and the determination of ECLs required significant accounting judgements and estimates by the management, we identified the ECL of accounts receivable as a key audit matter.</p> <p>Please refer to Note III. 9. Financial instruments, Note III. 31. Significant accounting judgements and estimates, Note V.4. Accounts receivable and Note XVI.1. Accounts receivable for disclosures of accounts receivable in the consolidated financial statements.</p>	<p>Our main procedures to address the ECLs of accounts receivable included:</p> <ol style="list-style-type: none">(1) Evaluating and testing the internal controls in relation to the ECLs of accounts receivable;(2) Reviewing and evaluating the ECL model, including the classification of groups by different credit risk characteristics, the estimation of credit loss of each classification, the historical statistics and other forward-looking information used to calculate the credit risk loss;(3) Testing the accuracy of the ageing of accounts receivable and the mathematical accuracy of the amount of ECLs calculated by the management using the ECL model;(4) For accounts receivables assessed individually, selecting samples and reviewing the supporting documents (including the going concern condition, the market environment, the historical collection and subsequent collection of accounts receivable of the clients) to evaluate the reasonableness of the expected present value of cash flows and bad debts assessed on an individual basis by the management; and(5) Evaluating the adequacy of disclosures regarding the ECLs of accounts receivable by the management.

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70009578_C01
Huaxin Building Materials Group Co., Ltd.

IV. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report.

Our audit opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the work we have performed, if we are certain that the other information is materially misstated, we should report the facts. In this regard, we have nothing to report.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Huaxin Building Materials Group Co., Ltd.'s financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Chinese Standards on Auditing ("CSAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70009578_C01
Huaxin Building Materials Group Co., Ltd.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

As part of an audit conducted in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also perform the following tasks:

- (1) Identify and assess the risks of material misstatement of the 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 audit 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's 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 Company'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 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 Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) 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 consolidated 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.

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

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70009578_C01
Huaxin Building Materials Group Co., Ltd.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Fu Yi (Engagement Partner)

Chinese Certified Public Accountant: Huangfu Jun

Beijing, the People's Republic of China

26 March 2026

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED BALANCE SHEET

Assets	NOTE V	31 December 2025	31 December 2024
Current assets			
Cash and bank balances	1	8,534,683,464	6,809,002,574
Financial assets held for trading	2	1,660,727	31,704,908
Notes receivable	3	618,259,255	202,597,711
Accounts receivable	4	3,203,781,601	2,969,799,883
Receivables financing	5	488,921,677	511,791,354
Prepayments	6	382,881,818	314,887,975
Other receivables	7	784,090,473	1,237,502,508
Including: Interest receivables		9,191,760	8,692,908
Dividends receivable		25,167,688	41,073,612
Inventories	8	3,530,231,399	3,057,769,490
Current portion of non-current assets		40,000,000	40,000,000
Other current assets	9	825,399,926	616,550,620
Total current assets		18,409,910,340	15,791,607,023
Non-current assets			
Long-term receivables	10	27,291,183	46,718,185
Long-term equity investments	11	588,300,772	584,752,454
Other equity investments	12	1,169,235,616	934,524,059
Other non-current financial assets		40,984,749	38,143,738
Fixed assets	13	31,711,408,367	28,408,451,936
Construction in progress	14	3,457,360,696	3,530,752,270
Right-of-use assets	15	1,262,445,427	1,514,705,861
Intangible assets	16	16,773,346,650	15,080,020,527
Development expenditures		52,906,198	60,934,742
Goodwill	17	4,353,990,320	1,209,007,806
Long-term prepaid expenses	18	1,019,261,783	981,013,500
Deferred tax assets	19	752,940,769	832,960,280
Other non-current assets		1,453,712,611	499,096,806
Total non-current assets		62,663,185,141	53,721,082,164
Total assets		81,073,095,481	69,512,689,187

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED BALANCE SHEET (continued)

LIABILITIES AND EQUITY	NOTE V	31 December 2025	31 December 2024
Current liabilities			
Short-term borrowings	21	568,934,645	296,807,055
Notes payable	22	653,818,101	675,782,946
Accounts payable	23	8,168,201,333	7,744,026,328
Contract liabilities	24	1,295,767,010	715,946,303
Employee benefits payable	25	294,664,668	280,892,309
Taxes and surcharges payable	26	1,306,360,135	755,744,542
Other payables	27	1,159,082,004	1,011,487,419
Including: Interest payables		74,805,644	48,543,388
Dividends payable		47,332,036	36,835,493
Current portion of non-current liabilities	28	5,432,376,523	6,619,044,244
Other current liabilities		75,251,827	69,172,946
Total current liabilities		18,954,456,246	18,168,904,092
Non-current liabilities			
Long-term borrowings	29	13,215,254,559	9,598,770,711
Bonds payable	30	5,243,954,003	2,445,745,035
Including: Preference shares		152,286,381	149,725,053
Lease liabilities	31	948,824,367	1,128,631,065
Long-term payables	32	1,089,119,472	836,919,326
Long-term employee benefits payable	33	59,088,240	57,915,052
Provisions	34	1,320,989,931	917,006,487
Deferred income	35	250,971,380	251,857,383
Deferred tax liabilities	19	2,491,502,397	1,109,442,589
Other non-current liabilities	36	99,693,000	99,693,000
Total non-current liabilities		24,719,397,349	16,445,980,648
Total liabilities		43,673,853,595	34,614,884,740

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED BALANCE SHEET (continued)

LIABILITIES AND EQUITY	NOTE V	31 December 2025	31 December 2024
Equity			
Share capital	37	2,078,995,649	2,078,995,649
Capital reserves	38	1,584,045,224	1,580,482,247
Less: Treasury shares	39	98,083,202	64,638,011
Accumulated other comprehensive income	40	115,309,695	(484,891,409)
Specialised reserves	41	60,561,207	51,893,030
Surplus reserves	42	1,111,880,257	1,111,880,257
Unappropriated profit	43	<u>27,208,717,454</u>	<u>26,017,705,413</u>
Total equity attributable to owners of the parent		<u>32,061,426,284</u>	<u>30,291,427,176</u>
Non-controlling interests		<u>5,337,815,602</u>	<u>4,606,377,271</u>
Total equity		<u>37,399,241,886</u>	<u>34,897,804,447</u>
Total liabilities and equity		<u>81,073,095,481</u>	<u>69,512,689,187</u>

The financial statements have been signed by:

Legal representative:
Li Yeqing

Financial controller:
Chen Qian

Accounting supervisor:
Wu Qiaoli

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED INCOME STATEMENT

	NOTE V	2025	2024
Revenue	44	35,348,279,760	34,217,347,727
Less: Cost of sales	44	24,666,258,743	25,770,521,841
Taxes and surcharges	45	846,764,754	809,484,078
Selling expenses	46	1,715,236,041	1,499,740,302
Administrative expenses	47	2,223,702,624	1,880,021,968
Research and development expenses		246,224,165	238,744,439
Finance costs	48	833,531,493	686,475,224
Including: Interest expenses		792,857,306	802,402,368
Interest income		205,350,484	185,025,914
Add: Other income	49	185,575,299	222,642,959
Investment income	50	32,104,091	79,875,448
Including: Income from investments in associates and joint ventures		27,637,802	31,896,732
Gains from changes in fair value	51	(2,786,059)	11,046,850
Credit impairment losses	52	(78,355,451)	(91,245,713)
Impairment losses of assets	53	(30,296,244)	(80,734,034)
Gains on disposal of non-current assets	54	84,842,064	749,842,510
Operating profit		5,007,645,640	4,223,787,895
Add: Non-operating income	55	17,890,427	29,628,732
Less: Non-operating expenses	56	75,300,136	141,509,335
Profit before taxes		4,950,235,931	4,111,907,292
Less: Income tax expenses	57	1,412,217,009	1,158,438,222
Profit		<u>3,538,018,922</u>	<u>2,953,469,070</u>
Classified by continuity of operations			
Profit from continuing operations		3,538,018,922	2,953,469,070
Classified by attribution of ownership			
Profit attributable to owners of the parent		2,853,332,040	2,416,280,487
Profit attributable to non-controlling interests		684,686,882	537,188,583

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED INCOME STATEMENT (continued)

	NOTE V	2025	2024
Other comprehensive income, net of tax		658,057,568	90,828,586
Other comprehensive income, net of tax, attributable to owners of the parent		600,201,104	63,855,516
Other comprehensive income that cannot be reclassified to profit or loss		175,334,999	(22,582,380)
Changes in fair value of other equity investment instruments		175,334,999	(22,582,380)
Other comprehensive income to be reclassified to profit or loss		424,866,105	86,437,896
Exchange differences on translation of foreign currency financial statements		424,866,105	86,437,896
Other comprehensive income, net of tax, attributable to non-controlling interests	40	57,856,464	26,973,070
Total comprehensive income		4,196,076,490	3,044,297,656
Including: Total comprehensive income attributable to owners of the Company		3,453,533,144	2,480,136,003
Total comprehensive income attributable to non-controlling interests		742,543,346	564,161,653
Earnings per share			
Basic earnings per share	58	1.37	1.16
Diluted earnings per share	58	1.32	1.13

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2025

	Attributable to owners of the parent									Total equity
	Share capital	Capital reserves	Accumulated			Surplus reserves	Unappropriated profit	Non-controlling interests	Subtotal	
			Treasury shares	Less: other comprehensive income	Specialised reserves					
I. Balance at the beginning of the year	2,078,995,649	1,580,482,247	64,638,011	(484,891,409)	51,893,030	1,111,880,257	26,017,705,413	30,291,427,176	4,606,377,271	34,897,804,447
II. Changes for the year	–	3,562,977	33,445,191	600,201,104	8,668,177	–	1,191,012,041	1,769,999,108	731,438,331	2,501,437,439
(1) Total comprehensive income	–	–	–	600,201,104	–	–	2,853,332,040	3,453,533,144	742,543,346	4,196,076,490
(2) Owners' contributions and reduction in capital	–	3,562,977	33,445,191	–	–	–	–	(29,882,214)	696,418,609	666,536,395
1. Business combinations	–	–	–	–	–	–	–	–	653,940,213	653,940,213
2. Amount of share-based payments recognised in equity	–	4,782,082	–	–	–	–	–	4,782,082	–	4,782,082
3. Share-based payment on restricted stock unlocking	–	(20,076,105)	(20,076,105)	–	–	–	–	–	–	–
4. Acquisition of non-controlling interests	–	(3,038,226)	–	–	–	–	–	(3,038,226)	778,461	(2,259,765)
5. Sale of non-controlling interests	–	21,460,640	–	–	–	–	–	21,460,640	41,699,935	63,160,575
6. Shares buyback	–	–	62,150,986	–	–	–	–	(62,150,986)	–	(62,150,986)
7. Others	–	434,586	(8,629,690)	–	–	–	–	9,064,276	–	9,064,276
(3) Profit distribution	–	–	–	–	–	–	(1,662,319,999)	(1,662,319,999)	(707,386,994)	(2,369,706,993)
1. Dividend to shareholders	–	–	–	–	–	–	(1,662,319,999)	(1,662,319,999)	(707,386,994)	(2,369,706,993)
(4) Specialised reserves	–	–	–	–	8,668,177	–	–	8,668,177	(136,630)	8,531,547
1. Appropriation for the year	–	–	–	–	515,812,826	–	–	515,812,826	23,786,438	539,599,264
2. Utilisation for the year	–	–	–	–	(507,144,649)	–	–	(507,144,649)	(23,923,068)	(531,067,717)
III. Balance at the end of the year	2,078,995,649	1,584,045,224	98,083,202	115,309,695	60,561,207	1,111,880,257	27,208,717,454	32,061,426,284	5,337,815,602	37,399,241,886

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

2024

	Attributable to owners of the parent									
	Share capital	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialised reserves	Surplus reserves	Unappropriated profit	Subtotal	Non-controlling interests	Total equity
I. Balance at the beginning of the year	2,078,995,649	1,586,014,852	62,203,991	(548,746,925)	63,717,385	1,111,880,257	24,703,292,620	28,932,949,847	4,382,363,067	33,315,312,914
II. Changes for the year	–	(5,532,605)	2,434,020	63,855,516	(11,824,355)	–	1,314,412,793	1,358,477,329	224,014,204	1,582,491,533
(1) Total comprehensive income	–	–	–	63,855,516	–	–	2,416,280,487	2,480,136,003	564,161,653	3,044,297,656
(2) Owners' contributions and reduction in capital	–	(5,532,605)	2,434,020	–	–	–	–	(7,966,625)	469,146,343	461,179,718
1. Business combinations	–	–	–	–	–	–	–	–	464,715,472	464,715,472
2. Amount of share-based payments recognised in equity	–	26,972,339	–	–	–	–	–	26,972,339	–	26,972,339
3. Share-based payment on restricted stock unlocking	–	(33,446,351)	(33,446,351)	–	–	–	–	–	–	–
4. Acquisition of non-controlling interests	–	(926,890)	–	–	–	–	–	(926,890)	(4,297,312)	(5,224,202)
5. Sale of non-controlling interests	–	2,002,460	–	–	–	–	–	2,002,460	8,728,183	10,730,643
6. Shares buyback	–	–	39,165,400	–	–	–	–	(39,165,400)	–	(39,165,400)
7. Others	–	(134,163)	(3,285,029)	–	–	–	–	3,150,866	–	3,150,866
(3) Profit distribution	–	–	–	–	–	–	(1,101,867,694)	(1,101,867,694)	(811,456,681)	(1,913,324,375)
1. Dividend to shareholders	–	–	–	–	–	–	(1,101,867,694)	(1,101,867,694)	(811,456,681)	(1,913,324,375)
(4) Specialised reserves	–	–	–	–	(11,824,355)	–	–	(11,824,355)	2,162,889	(9,661,466)
1. Appropriation for the year	–	–	–	–	333,274,199	–	–	333,274,199	19,042,373	352,316,572
2. Utilisation for the year	–	–	–	–	(345,098,554)	–	–	(345,098,554)	(16,879,484)	(361,978,038)
III. Balance at the end of the year	2,078,995,649	1,580,482,247	64,638,011	(484,891,409)	51,893,030	1,111,880,257	26,017,705,413	30,291,427,176	4,606,377,271	34,897,804,447

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE V	2025	2024
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		31,938,297,767	30,615,810,728
Receipts of taxes and surcharges refunds		38,633,454	58,426,521
Other cash receipts relating to operating activities	59	628,214,791	538,600,790
Total cash inflows from operating activities		32,605,146,012	31,212,838,039
Cash payments for goods and services		17,401,211,783	17,523,662,001
Cash payments to and on behalf of employees		2,860,903,794	2,907,520,362
Payments for taxes and surcharges		4,015,043,007	3,303,231,821
Other cash payments relating to operating activities	59	1,633,949,762	1,501,106,622
Total cash outflows from operating activities		25,911,108,346	25,235,520,806
Net cash flows from operating activities	60	6,694,037,666	5,977,317,233
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposal of investments		1,040,000,000	1,719,071,424
Cash receipts from returns on investments		25,204,533	48,924,053
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		566,345,406	439,000,463
Other cash receipts relating to investing activities	59	230,416,376	43,600,000
Total cash inflows from investing activities		1,861,966,315	2,250,595,940
Cash payments to acquire fixed assets, intangible assets and other long-term assets		2,620,029,922	4,534,814,767
Cash payments for investments		2,231,098,225	1,105,300,000
Net cash payments for acquisition of subsidiaries and other business units	60	5,761,518,680	101,791,361
Other cash payments relating to investing activities	59	—	180,716,376
Total cash outflows from investing activities		10,612,646,827	5,922,622,504
Net cash flows from investing activities		(8,750,680,512)	(3,672,026,564)

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	NOTE V	2025	2024
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		—	446,315,472
Cash receipts from borrowings		10,339,546,298	5,339,388,052
Cash receipts from issuance of bonds		3,600,000,000	1,096,390,560
Other cash receipts relating to financing activities	59	873,910,740	136,420,406
		<u>14,813,457,038</u>	<u>7,018,514,490</u>
Subtotal of cash inflows from financing activities		14,813,457,038	7,018,514,490
Cash repayment for debts		8,573,977,247	5,395,800,743
Cash payments for distribution of dividends or profit and interest expenses		2,969,073,176	2,606,497,498
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		695,848,766	805,056,681
Other cash payments relating to financing activities	59	513,957,369	488,477,232
		<u>12,057,007,792</u>	<u>8,490,775,473</u>
Total cash outflows from financing activities		12,057,007,792	8,490,775,473
Net cash flows from financing activities		2,756,449,246	(1,472,260,983)
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(92,119,597)	15,894,660
V. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of year	60	607,686,803	848,924,346
	60	6,219,040,331	5,370,115,985
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR			
	60	6,826,727,134	6,219,040,331

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY BALANCE SHEET

Assets	NOTE XVI	31 December 2025	31 December 2024
Current assets			
Cash and bank balances		2,718,940,440	2,511,275,577
Financial assets held for trading		—	30,000,000
Notes receivable		15,128,183	30,000
Accounts receivable	1	445,090,455	672,952,955
Receivables financing		33,431,069	25,925,967
Prepayments		62,075,324	73,597,947
Other receivables	2	12,613,014,195	8,444,662,576
Inventories		186,071,539	241,534,220
Other current assets		130,898,733	110,917,414
Total current assets		16,204,649,938	12,110,896,656
Non-current assets			
Long-term receivables		49,219,815	67,546,368
Long-term equity investments	3	18,837,031,146	16,384,658,957
Other equity investments		1,169,235,616	934,524,059
Other non-current financial assets		40,984,749	37,854,770
Fixed assets		495,998,443	509,187,354
Construction in progress		13,947,998	37,189,643
Right-of-use assets		22,394,684	33,454,597
Intangible assets		102,158,717	105,044,873
Development expenditures		40,710,690	36,856,342
Long-term prepaid expenses		5,938,012	8,651,347
Deferred tax assets		115,242,373	134,659,036
Total non-current assets		20,892,862,243	18,289,627,346
Total assets		37,097,512,181	30,400,524,002

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY BALANCE SHEET (continued)

LIABILITIES AND EQUITY	NOTE XVI	31 December 2025	31 December 2024
Current liabilities			
Notes payable		153,257,819	242,155,289
Accounts payable		255,812,630	234,933,887
Contract liabilities		19,957,194	49,222,130
Employee benefits payable		24,588,255	26,173,353
Taxes and surcharges payable		70,404,856	9,884,037
Other payables		6,375,990,538	7,828,063,409
Current portion of non-current liabilities		<u>2,085,812,278</u>	<u>789,041,659</u>
Total current liabilities		<u>8,985,823,570</u>	<u>9,179,473,764</u>
Non-current liabilities			
Long-term borrowings		6,175,158,995	3,139,622,602
Bonds payable		5,091,667,622	2,296,019,982
Lease liabilities		6,404,294	18,084,931
Long-term payables		292,632,342	—
Long-term employee benefits payable		6,985,028	11,119,492
Provisions		46,864,253	46,864,253
Deferred income		<u>3,250,000</u>	<u>3,791,667</u>
Total non-current liabilities		<u>11,622,962,534</u>	<u>5,515,502,927</u>
Total liabilities		<u>20,608,786,104</u>	<u>14,694,976,691</u>
Owners' equity			
Share capital		2,078,995,649	2,078,995,649
Capital reserves		1,876,728,435	1,891,587,870
Less: Treasury shares		98,083,202	64,638,011
Accumulated other comprehensive income		115,357,613	(60,676,056)
Surplus reserves		1,111,880,257	1,111,880,257
Unappropriated profit		<u>11,403,847,325</u>	<u>10,748,397,602</u>
Total equity		<u>16,488,726,077</u>	<u>15,705,547,311</u>
Total liabilities and equity		<u>37,097,512,181</u>	<u>30,400,524,002</u>

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY INCOME STATEMENT

	NOTE XVI	2025	2024
Revenue	4	2,135,062,075	2,393,231,180
Less: Cost of sales	4	1,729,069,097	2,131,457,828
Taxes and surcharges		14,251,184	16,325,701
Selling expenses		19,103,002	20,081,694
Administrative expenses		325,131,782	289,924,577
Research and development expenses		61,774,405	48,352,465
Finance costs		167,719,820	79,945,228
Including: Interest expenses		201,434,603	188,783,557
Interest income		105,342,640	102,425,187
Add: Other income		11,048,271	7,251,299
Investment income	5	2,447,270,544	2,087,556,517
Including: Income from investments in associates and joint ventures		25,650,434	20,311,659
Fair value gains		3,129,979	11,046,850
Credit impairment losses		1,222,724	(977,971)
Impairment losses on assets		(89,013)	(73,760)
Gains on disposal of non-current assets		(567,447)	3,443,048
Operating profit		2,280,027,843	1,915,389,670
Add: Non-operating income		1,135,046	902,558
Less: Non-operating expenses		3,663,246	42,525,751
Profit before income tax		2,277,499,643	1,873,766,477
Less: Income tax expenses		(40,270,079)	(54,732,414)
Profit		<u>2,317,769,722</u>	<u>1,928,498,891</u>
Including: Profit from continuing operations		2,317,769,722	1,928,498,891
Other comprehensive income, net of tax		176,033,669	(22,582,380)
Other comprehensive income that will not be reclassified to profit or loss		176,033,669	(22,582,380)
Changes in the fair value of other equity investments		176,033,669	(22,582,380)
Total comprehensive income		<u>2,493,803,391</u>	<u>1,905,916,511</u>

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY STATEMENT OF CHANGES IN EQUITY

2025

	Share capital	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Unappropriated profit	Total equity
I. Balance at the beginning of the year	2,078,995,649	1,891,587,870	64,638,011	(60,676,056)	1,111,880,257	10,748,397,602	15,705,547,311
II. Changes for the year	—	(14,859,435)	33,445,191	176,033,669	—	655,449,723	783,178,766
(1) Total comprehensive income	—	—	—	176,033,669	—	2,317,769,722	2,493,803,391
(2) Owners' contributions and reduction in capital	—	(14,859,435)	33,445,191	—	—	—	(48,304,626)
1. Amount of share-based payments recognised in equity	—	4,782,084	—	—	—	—	4,782,084
2. Share-based payment on restricted stock unlocking	—	(20,076,105)	(20,076,105)	—	—	—	—
3. Shares buyback	—	—	62,150,986	—	—	—	(62,150,986)
4. Others	—	434,586	(8,629,690)	—	—	—	9,064,276
(3) Profit distribution	—	—	—	—	—	(1,662,319,999)	(1,662,319,999)
1. Distribution to owners	—	—	—	—	—	(1,662,319,999)	(1,662,319,999)
III. Balance at the end of the year	2,078,995,649	1,876,728,435	98,083,202	115,357,613	1,111,880,257	11,403,847,325	16,488,726,077

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY STATEMENT OF CHANGES IN EQUITY (continued)

2024

	Share capital	Capital reserves	Treasury shares	Less: Accumulated other comprehensive income	Surplus reserves	Unappropriated profit	Total equity
I. Balance at the beginning of the year	2,078,995,649	1,898,196,045	62,203,991	(38,093,676)	1,111,880,257	9,921,766,405	14,910,540,689
II. Changes for the year	—	(6,608,175)	2,434,020	(22,582,380)	—	826,631,197	795,006,622
(1) Total comprehensive income	—	—	—	(22,582,380)	—	1,928,498,891	1,905,916,511
(2) Owners' contributions and reduction in capital	—	(6,608,175)	2,434,020	—	—	—	(9,042,195)
1. Amount of share-based payments recognised in equity	—	26,972,339	—	—	—	—	26,972,339
2. Share-based payment on restricted stock unlocking	—	(33,446,351)	(33,446,351)	—	—	—	—
3. Shares buyback	—	—	39,165,400	—	—	—	(39,165,400)
4. Others	—	(134,163)	(3,285,029)	—	—	—	3,150,866
(3) Profit distribution	—	—	—	—	—	(1,101,867,694)	(1,101,867,694)
1. Distribution to owners	—	—	—	—	—	(1,101,867,694)	(1,101,867,694)
III. Balance at the end of the year	2,078,995,649	1,891,587,870	64,638,011	(60,676,056)	1,111,880,257	10,748,397,602	15,705,547,311

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY STATEMENT OF CASH FLOWS

	NOTE XVI	2025	2024
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		2,224,842,603	2,583,810,095
Receipts of tax and surcharges refunds		8,621,969	17,459,768
Other cash receipts relating to operating activities		1,627,580,754	995,453,539
		<u>3,861,045,326</u>	<u>3,596,723,402</u>
Total cash inflows from operating activities		3,861,045,326	3,596,723,402
Cash payments for goods and services		1,577,673,886	2,389,834,944
Cash payments to and on behalf of employees		218,210,987	220,816,947
Payments for taxes and surcharges		77,083,102	69,467,298
Other cash payments relating to operating activities		1,936,656,910	892,783,209
		<u>3,809,624,885</u>	<u>3,572,902,398</u>
Total cash outflows from operating activities		3,809,624,885	3,572,902,398
Net cash flows from operating activities	6	<u>51,420,441</u>	<u>23,821,004</u>
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		965,320,615	1,030,000,000
Cash receipts from returns on investments		2,699,330,034	1,914,598,121
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		266,884	577,660
Other cash receipts relating to investing activities		2,545,277,802	2,667,762,016
		<u>6,210,195,335</u>	<u>5,612,937,797</u>
Total cash inflows from investing activities		6,210,195,335	5,612,937,797
Cash payments to acquire fixed assets, intangible assets and other long-term assets		23,720,655	22,977,412
Cash payments for investments		910,000,000	1,060,000,000
Net cash payments for acquisition of subsidiaries and other business units		2,451,607,783	705,000,000
Other cash payments relating to other investing activities		6,714,036,541	4,084,423,329
		<u>10,099,364,979</u>	<u>5,872,400,741</u>
Total cash outflows from investing activities		10,099,364,979	5,872,400,741
Net cash flows from investing activities		<u>(3,889,169,644)</u>	<u>(259,462,944)</u>

The accompanying notes to financial statements form an integral part of these financial statements.

Financial Statements

YEAR ENDED 31 DECEMBER 2025 (Expressed in Renminbi Yuan)

COMPANY STATEMENT OF CASH FLOWS (continued)

	NOTE XVI	2025	2024
III. CASH FLOWS FROM FINANCING ACTIVITIES			
		22,190,255	—
New borrowings		6,561,365,948	1,853,796,602
Cash received from bonds issued		3,600,000,000	1,096,390,560
Other cash receipts relating to financing activities		689,954,214	2,035,896,115
		10,873,510,417	4,986,083,277
Total cash inflows from financing activities		10,873,510,417	4,986,083,277
		3,181,369,682	2,258,280,000
Cash repayments for debts		3,181,369,682	2,258,280,000
Cash payments for distribution of dividends or profit and interest expenses		1,687,788,396	1,224,755,393
Other cash payments relating to financing activities		1,956,689,258	1,451,215,114
		6,825,847,336	4,934,250,507
Total cash outflows from financing activities		6,825,847,336	4,934,250,507
		4,047,663,081	51,832,770
Net cash flows from financing activities		4,047,663,081	51,832,770
IV. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(2,249,015)	(11,227,045)
		(2,249,015)	(11,227,045)
V. NET INCREASE IN CASH AND CASH EQUIVALENTS			
	6	207,664,863	(195,036,215)
Add: Cash and cash equivalents at beginning of year	6	2,511,259,172	2,706,295,387
VI. CASH AND CASH EQUIVALENTS AT END OF YEAR			
	6	2,718,924,035	2,511,259,172

The accompanying notes to financial statements form an integral part of these financial statements.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

I. BASIC INFORMATION

Huaxin Building Materials Group Co., Ltd. (hereinafter referred to as the “Company” or “Huaxin Building”) is a joint stock company with limited liability incorporated in Hubei, the People’s Republic of China and was established on 30 November 1993. The Renminbi-denominated ordinary shares (A shares) and H shares of the Company are listed on the Shanghai Stock Exchange (“Shanghai Stock Exchange”) and The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), respectively. The Company’s headquarters is located at No. 426 Gaoxin Avenue, Donghu New Technology Development District, Wuhan, Hubei.

The principal business activities of the Company and its subsidiaries (collectively, the “Group”) include the manufacture and sale of cement, concrete, clinker, aggregates and other building materials.

In October 2025, the name of the company was changed from “Huaxin Cement Co., Ltd.” to “Huaxin Building Materials Group Co., Ltd.”

These financial statements were approved for disclosure by a resolution of the board of directors of the Company on 26 March 2026.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basis of Preparation

The financial statements are prepared in accordance with *Accounting Standards for Business Enterprises – Basic Standards* issued by the Ministry of Finance as well as specific accounting standards, interpretations and other relevant provisions issued and revised subsequently (collectively referred to as “Accounting Standards for Business Enterprises”). In addition, the financial statements also include the relevant disclosures required by the Hong Kong Companies Ordinance and Listing Rules of the Hong Kong Stock Exchange.

2. Going Concern

The financial statements are presented on a going concern basis.

As at 31 December 2025, the Group’s current assets were RMB18,409,910,340 and current liabilities were RMB18,954,456,246. The amount of current assets was less than the amount of current liabilities. When evaluating whether the Group has sufficient financial resources to continue its operations, the management of the Group has taken its future liquidity position and available financial resources into consideration, mainly including the net cash flows generated from operating activities and the availability of sufficient loan facilities.

Accordingly, the management of the Group considers that the Group will have sufficient working capital to cover operating use and make repayment on matured debts, thus it is appropriate to prepare the Group’s financial statements on a going concern basis.

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The specific accounting policies and accounting estimates have been prepared by the Group based on actual production and operation characteristics, as mainly embodied in the provision for bad debts of accounts receivable, inventory valuation methods, inventory impairment provisions, the depreciation of fixed assets, the amortisation of intangible assets, and revenue recognition and measurement.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the ASBEs and present fairly and fully the financial position of the Company and the Group as at 31 December 2025 and their financial performance and cash flows for the year then ended.

2. Accounting year

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year.

3. Functional currency

The Company's functional and presentation currency is Renminbi ("RMB"). Unless otherwise stated, the currency unit is RMB Yuan.

The subsidiaries, joint ventures and associates of the Group may determine their own functional currencies based on the specific economic environments in their places of business. In the preparation of financial statements, their functional currencies shall be translated into RMB.

4. Methodology and basis for selecting materiality criteria in the disclosure of financial statements

	Materiality criteria
Material accounts receivable which were subject to individual provision for bad debts	The amount of bad debt provision for a single customer exceeds RMB10 million
Material bad debts recovered or reversed during the year	The reversal amount of bad debt provision for a single customer exceeds RMB10 million
Material receivables written off	The amount of write-off of bad debt provision for a single customer exceeds RMB10 million
Material prepayments aged over 1 year	The amount of prepayment to a single supplier exceeds RMB10 million and is aged over 1 year
Material construction in progress	The budget for an individual project exceeds RMB500 million
Material overdue accounts payable, contract liabilities, and other payables	The balance of a single supplier/customer exceeds RMB10 million
Material cash flows from investing activities	The amount of individual cash flow exceeds RMB100 million
Material non-wholly owned subsidiaries	The amount of revenue from non-wholly owned subsidiaries exceeds 3% of the Group's total revenue and the amount of minority shareholders' interests exceeds RMB300 million
Material joint ventures or associates	Carrying value of long-term equity investments in joint ventures or associates is greater than 5% of the Group's total assets

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

5. Business combinations

The Group only has business combinations not involving entities under common control.

A business combination not involving entities under common control is a business combination in which all the combining entities are not ultimately controlled by the same party or parties both before and after the combination. The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognized and measured at cost, being an excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less than any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the cost of the combination is lower than the Group's interest in the fair value of the net identifiable assets acquired, the difference is, after reassessment, recognized in profit or loss.

6. Consolidated financial statements

The scope of the consolidated financial statements is determined on the basis of control, which include the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Company, necessary adjustments are made to the subsidiary's financial statements based on the Company's own accounting policies or accounting period in preparing the consolidated financial statements. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions within the Group are eliminated on consolidation in full.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess amount is allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

8. Foreign currency transactions and foreign currency translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated at the spot exchange rates at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalised in accordance with the guidance for capitalisation of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements as follows: the assets and liabilities are translated using the spot exchange rates at the balance sheet date, and equity items other than "unappropriated profit" are translated at the spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the weighted average exchange rates for the period during which the transactions occur (unless this is inappropriate due to exchange rate fluctuations, in which case the spot exchange rates prevailing on the dates of the transactions are used). The resulting exchange differences are recognised in other comprehensive income.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the weighted average exchange rates for the period during which the cash flows occur (unless this is inappropriate due to exchange rate fluctuations, in which case the spot exchange rates prevailing on the dates of cash flows are used). The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- (1) the rights to receive cash flows from the financial asset have expired;
- (2) the Group has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group commits to purchase or sell a financial asset.

(2) Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

With the exception of accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, financial assets are measured at fair value on initial recognition. Accounts receivable or notes receivable that do not contain significant financing components or for which the Group has applied the practical expedient are initially measured at the transaction price.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

(2) Classification and measurement of financial assets (continued)

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

Debt investments measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt investments at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Equity investments at fair value through other comprehensive income

The Group irrevocably elects to designate its equity investments which are not held for trading as financial assets at fair value through other comprehensive income, and only dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is required. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

(3) Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognised in profit or loss. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are recognised in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will recognise all the changes in fair value (including the amount arising from changes in the Group's own credit risk) of such financial liabilities in profit or loss.

Financial liabilities carried at amortised cost

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

(4) Impairment of financial instruments

Recognition and accounting treatments of expected credit losses

Based on the expected credit losses ("ECLs"), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost, and debt investments at fair value through other comprehensive income.

For accounts receivable and contract assets that do not contain a significant financing component, the Company applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

(4) Impairment of financial instruments (continued)

Recognition and accounting treatments of expected credit losses (continued)

Except for financial assets which apply the simplified approach as mentioned above, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

Please refer to Note IX. 1 for the Group's criteria for determining significant increase in credit risk, definition of financial assets that have been credit-impaired, etc.

The Group measures expected credit losses on a financial instrument in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

Classification and recognition basis for impairment provision made on portfolio basis of credit risk characteristics

Considering the credit risk characteristics of different clients, the Company calculates expected credit losses for financial instruments measured at amortised cost by ageing portfolio and based on shared credit risk characteristics.

Ageing calculation method based on credit risk characteristics

The Group determines overdue ageing based on the contractually agreed collection date.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

(4) Impairment of financial instruments (continued)

Criteria for individual impairment provisions

If a counterparty exhibits significantly different credit risk characteristics compared to others in the portfolio, the Group assesses and recognises a loss provision individually for the related receivables. The Group categorises accounts receivable into the cement portfolio, concrete portfolio, and other portfolios based on credit risk characteristics, applying a portfolio-based ECL calculation. If there is objective evidence that a specific trade receivable has been impaired, expected credit losses will be recognised by the Group and a provision for individual impairment will be made. For accounts receivable classified within a portfolio, the Group determines ECL by considering historical credit loss experience, current situation and forecasts of economic conditions. The calculation incorporates exposure at default and the lifetime ECL rate to estimate the expected credit loss.

Write-off of impairment provisions

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(5) Derivative financial instruments

The Group uses derivative financial instruments. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any profit or loss arising from changes in fair value of derivatives are taken directly in profit or loss.

(6) Transfers of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (a) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (b) continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

10. Inventories

Inventories include raw materials, work in progress, finished goods, spare parts and turnover materials, etc.

Inventories are initially carried at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. Cost is determined on the weighted average basis. Turnover materials include low value consumables and packing materials, which are accounted for on the immediate write-off basis.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. If the cost of inventories is higher than the net realisable value, a provision for the decline in value of inventories is recognised in profit or loss for the current period. If the factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realisable value being higher than the carrying amount, the amount of the write-down is reversed to the extent of the amount of the previous provision for the inventories and is recognised in profit or loss for the current period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. The provision for decline in value is made on an individual basis, provided that for inventories with large quantity and lower unit cost, the provision for decline in value is made on a category basis. For inventories related to a series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar, and if it is difficult to measure them by separating them from other items, the provision for decline in value of inventories are made on a combination basis.

11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the combination cost (for a business combination not under common control achieved in stages, the initial investment cost is measured at the carrying amount of the equity investments in the acquiree before the acquisition date plus the additional investment cost incurred on the acquisition date). For a long-term equity investment acquired other than through a business combination, the initial investment cost is determined as follows: if acquired by paying cash, the initial investment cost is the actual purchase price paid and those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment; if acquired by the issue of equity securities, the initial investment cost is the fair value of the securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. Long-term equity investments *(continued)*

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost. Where the initial investment cost is less than the investing enterprise's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises, upon acquisition of the long-term equity investment, its share of the net profits or losses and other comprehensive income made by the investee as investment income or losses and other comprehensive income, respectively, and adjusts the carrying amount of the long-term equity investment accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to the investee's net profits or losses, except for those from dispensing or selling businesses constituted by assets, based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods, and eliminating the portion of the profits or losses arising from internal transactions with its associates and joint ventures, attributable to the investing party according to its entitled ratio (but impairment losses for assets arising from internal transactions shall be recognised in full). The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of net losses of the investee is recognised to the extent that the carrying amount of the investment, together with any long-term interests that in substance form part of its net investment in the investee, is reduced to zero, except that the Group has incurred obligations to assume additional losses. The Group adjusts the carrying amount of the long-term equity investment for any changes in the shareholders' equity of the investee (other than net profit or loss, other comprehensive income and profit distributions) and includes the corresponding adjustments in the shareholders' equity.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss or the cost of related assets as incurred, according to the beneficiaries.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method, except for safety production funds. The useful lives, percentages of estimated residual value and annual depreciation rates are as follows:

	Useful life	Percentage of estimated residual value	Annual depreciation rate
Buildings	25–40 years	4%	2.4%–3.8%
Machinery	5–18 years	4%	5.3%–19.2%
Office equipment	5–10 years	4%	9.6%–19.2%
Vehicles	4–12 years	4%	8.0%–24.0%

The Group reviews the useful life and estimates net residual value of a fixed asset and the depreciation method applied at least at each year end, and makes adjustments if necessary.

13. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period, borrowing costs that shall be capitalised before the construction is ready for its intended use, and other relevant expenditures.

An item of construction in progress is transferred to fixed assets when the asset is ready for its intended use. The standards are as follows:

	Standards for transferring to fixed assets
Buildings	Commencement of use
Machinery and equipment	Fulfilment of the design requirements and completion of the trial production

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

During the capitalisation period, the amount of interest eligible for capitalisation for each accounting period shall be determined as follows: where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is the actual interest costs incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds; where funds are borrowed generally for the purpose of obtaining a qualifying asset, the amount of interest eligible for capitalisation is determined by applying a weighted average interest rate on the general borrowings to the weighted average of the excess of the cumulative expenditures on the asset over the expenditures on the asset funded by the specific borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

15. Intangible assets

Useful lives of intangible assets

The intangible assets are amortised using the straight-line method over their useful lives. The useful lives are as follows:

	Useful life
Land use rights	40–50 years
Mining rights	Amortisation on the basis of production
Mine restoration fees	Amortisation on the basis of production
Concession rights	10–20 years
Software use rights and others	5–10 years

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

15. Intangible assets *(continued)*

Research and development expenditure

The Group classifies expenditure for an internal research and development project into expenditure in the research phase and expenditure in the development phase. Expenditure in the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalised when the Group can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) the intention to complete the intangible asset and use or sell it; (c) how the intangible asset will generate probable future economic benefits, for which, among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (d) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (e) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure on the development phase that does not meet these criteria is recognised in profit or loss for the period in which it is incurred.

16. Impairment of assets

Impairment of assets other than the impairment of inventories, deferred tax assets and financial assets, is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing, the carrying amount of goodwill is allocated from the acquisition date on a reasonable basis, to each of the related asset groups or the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or a set of asset groups that is expected to benefit from the synergies of the business combination and shall not be larger than an operating segment as determined by the Group.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

16. Impairment of assets *(continued)*

The carrying amount of an asset group or a set of asset groups, including goodwill, shall be compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than the carrying amount, the amount of the impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then by the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro rata basis based on the carrying amount of each asset.

Once the above asset impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

17. Long-term prepaid expenses

Long-term prepaid expenses represent expenditures incurred but should be recognised as expenses over more than one year in the current year and subsequent periods, including mine development expenses and residents' relocation expenses. Long-term prepaid expenses are amortised using the straight-line method and the production method according to the period over which they are estimated to generate economic benefits for the Group.

18. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group other than share-based payments in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term employee benefits incurred are recognised as a liability in the accounting period in which an employee provides services, with a corresponding charge to profit or loss or the cost of an asset.

(2) Post-employment benefits (defined contribution plan)

For the employees of the Group participating in a pension scheme, unemployment insurance managed by the local government, and an enterprise pension fund, the corresponding expenses are included in the cost of related assets or profit or loss.

(3) Post-employment benefits (defined benefit plan)

The Group operates various defined benefit pension plans, which include providing certain eligible retirees of the Company and its subsidiaries with supplementary allowance benefits. These plans are impacted by interest rate risk and changes in the life expectancy of eligible retirees.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Employee benefits *(continued)*

(3) Post-employment benefits (defined benefit plan) (continued)

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from the asset cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the balance sheet, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reversed to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit plan by the discount rate. The Group recognises changes in net liabilities of the defined benefit plan under operating costs, administrative expenses, research and development expenses, selling expenses and finance expenses in the income statement. Service cost includes current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from the asset cap.

19. Provisions

Except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control, an obligation related to a contingency shall be recognised by the Group as a provision when the obligation is a present obligation of the Group and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, provided that a reliable estimate of the amount of the obligation can be made.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

20. Share-based payments

Share-based payments consist only of equity-settled share-based payments. Equity-settled share-based payments refer to transactions in which the Group acquires services by issuing shares or other equity instruments as consideration.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

20. Share-based payments *(continued)*

For equity-settled share-based payments in exchange for employee services, they are measured at the fair value of the equity instruments granted to employees. For grants that are exercised immediately after the grant date, the fair value on the grant date is recognised in the relevant costs or expenses, with a corresponding increase in share premium. For grants that are only exercisable after completing a vesting period or meeting specified performance conditions, during the vesting period, at each balance sheet date, the service received is recognised in the relevant costs or expenses based on the best estimate of the number of equity instruments expected to vest, at the fair value determined on the grant date, with a corresponding increase in share premium.

21. Preference shares and other financial instruments

Other financial instruments including preference shares issued by the Group are measured as equity instruments when they satisfy all the following criteria:

- (1) The financial instruments do not include cash or other financial assets delivered to other parties, or contractual obligations to exchange financial assets or liabilities with other parties under potential disadvantages;
- (2) When the Group's own equity instrument is required to or available to be used for settlement of the financial instrument, it does not include the contractual obligations to settle the Group's own variable equity instruments if it is a non-derivative instrument; if it is a derivative instrument, the Group can only settle the instrument by exchanging certain amount of its own equity instruments with fixed amount of cash or other financial assets.

Preference shares issued by the Group that do not satisfy the above criteria are classified as financial liabilities.

For preference shares classified as financial liabilities, any gains or losses arising from changes in fair value and the dividends or interest expenses related to such financial liabilities, and any gains or losses arising from repurchase or redemption are recognised in profit or loss for the period.

22. Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

(1) Contracts for the sale of cement and other construction materials

The Group recognises revenue from the sale of cement and other construction materials when the control of the goods has been transferred to the customer. According to the sales contract, the point of recognition of sales revenue is usually when the cement and other construction materials are shipped out of the Group's own warehouses or designated warehouses.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

22. Revenue from contracts with customers *(continued)*

(1) Contracts for the sale of cement and other construction materials (continued)

The Group uses the amount of consideration that it expects to be entitled to receive as a result of the transfer of merchandise to customers as the transaction price, which is determined in accordance with the terms of the contract, taking into account past business practices. Some of the Group's contracts include provisions for certain discounts when customers purchase merchandise over a certain quantity, which are directly offset against the amount payable by the customer for the merchandise purchased in the current period. The Group makes its best estimate of the discount in accordance with the expectation that the transaction price after the estimated discount will not exceed the amount by which it is highly probable that the cumulative recognised revenue will not be materially reversed by the time the related uncertainty is eliminated, and re-estimates the discount at each balance sheet date.

For the existence of significant financing components in the contract, the Group determines the transaction price based on the amount payable immediately by cash upon the receipt of control of goods or services by the customer, and uses the discount rate which discounts the nominal amount of the contract consideration to the discounted price of the goods or services to amortise the difference between the determined transaction price and the consideration amount of the contract commitment using the effective interest method during the contract period. Where it is expected that the intervals between the customer's control over the goods and services and the payment by the customer will not exceed one year, the Group does not consider the significant financing components in the contract.

(2) Contracts for the rendering of services

The Group fulfils its performance obligations through the provision of services such as solid waste treatment and governmental household waste treatment to its customers. Since the economic benefits arising from the Group's performance are obtained and consumed by the customers at the same time as the Group's performance, the Group recognises revenue in accordance with the progress of performance as performance obligations fulfilled in a certain period of time, unless the progress of performance is not reasonably determinable. The Group determines the progress of performance in the provision of services in accordance with the input method. When the progress of performance is not reasonably determinable, the Group recognises revenue at the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred by the Group are expected to be reimbursed.

23. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet.

(1) Contract assets

The Group presents its right to consideration in exchange for goods or services as a contract asset (the right to consideration is conditional on other factors excluding the passage of time) if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. The Group presents it as an account receivable when the Group has the right to consideration, which is unconditional subsequently.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Contract assets and contract liabilities *(continued)*

(1) Contract assets (continued)

For details of how the Group measures and accounts for the ECLs of a contract asset, refer to Note III. 9.

(2) Contract liabilities

The Group presents its obligation to transfer goods or services to a customer, for which the Group has received consideration or the Group has a right to an amount of consideration that is unconditional (i.e., a receivable) from the customer, as a contract liability.

24. Contract cost assets

The Group's contract cost assets include the costs to obtain and fulfil a contract and are classified by liquidity as inventories, other current assets and other non-current assets.

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs, unless the amortisation period of the asset is one year or less.

Other than the costs which are capitalised as items such as inventories, fixed assets and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (1) the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, overheads (or similar expenses), costs that are explicitly chargeable to the customer and other costs that are incurred only because an entity entered into the contract;
- (2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- (3) the costs are expected to be recovered.

The contract cost asset is amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised.

The Group accrues provisions for impairment and recognises impairment losses to the extent that the carrying amount of a contract cost asset exceeds:

- (1) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (2) the costs that are expected to be incurred to transfer those related goods or services.

25. Government grants

Government grants are recognised when all attaching conditions can be complied with and the grant will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value cannot be reliably determined, it is measured at a nominal amount.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

25. Government grants *(continued)*

Government grants shall be recognised as government grants related to assets where long-term assets are built or otherwise developed in accordance with the requirements of government documents. If there are no specific requirements of government documents, judgement shall be exercised based on the basic conditions required for the grants. Government grants shall be recognised as government grants related to assets where the building or otherwise development of long-term assets is considered as the basic condition; otherwise, they shall be recognised as government grants related to income.

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset against related expenses over the periods in which the related costs are recognised or (b) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

26. Deferred income tax

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and on the temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

26. Deferred income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

27. Leases *(continued)*

(1) As a lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

At the commencement date of the lease, the Group recognises right-of-use assets. Right-of-use assets are initially measured at cost. The cost of the right-of-use assets comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date of the lease less any lease incentives received; (c) any initial direct cost incurred; and (d) estimates of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying assets to the condition required by the terms and conditions of the lease. The Group remeasures the lease liabilities for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying assets will be transferred to the Group at the end of the lease term, the Group depreciates the assets from the commencement date to the end of the useful lives of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful lives of the asset and the end of the lease term.

At the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required. In addition, the Group remeasures the lease liabilities at the present value of the revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease terms.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

27. Leases *(continued)*

(2) As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

Rental income under an operating lease is recognised on a straight-line basis over the lease term through profit or loss. Variable lease payments that are not included in the measurement of the lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

28. Share repurchases

Consideration and transaction costs paid for the repurchase of own equity instruments reduce shareholders' equity. Except for share-based payments, the issuance (including refinancing), repurchase, sale or cancellation of own equity instruments is treated as a change in equity.

29. Production safety cost

Safety production funds according to the regulations are included in the costs of related products or profit or loss, and credited to the specialised reserves. They are accounted for differently when being utilised: (a) the specialised reserves are offset for those attributable to the expense nature; or (b) the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the asset is brought to the working condition for the intended use, and at the same time, specialised reserves are offset by the full depreciation of the fixed asset, at the same amount.

30. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs — quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date; Level 2 inputs — the observable inputs, either directly or indirectly, of the relevant assets or liabilities other than Level 1 inputs; Level 3 inputs — unobservable inputs of the relevant assets or liabilities.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessment.

31. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting judgements and estimates *(continued)*

(1) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the factors such as the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Characteristics of contractual cash flows

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as the judgement on whether there is any significant difference from the benchmark cash flow when assessing the modification of the time value of money and the judgement on whether the fair value of the prepayment features is insignificant for financial assets with prepayment features.

Lease term — A lease contract that does not contain an option to extend the lease

The Group determines the lease term as the non-cancellable period of a lease, excluding the periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. In assessing whether it is reasonably certain to exercise an option to extend the lease, the Group considers all relevant facts and circumstances that create an economic incentive for it to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date of the lease until the exercise date of the option. At the commencement date of the lease, considering that the exit cost is insignificant, the Group evaluates all the relevant facts to determine whether to exercise the option or not. Thus, the lease period does not contain the periods covered by an option to extend the lease.

(2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting judgements and estimates *(continued)*

(2) Estimation uncertainty (continued)

Impairment of financial instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may not be representative of the actual impairment loss in the future.

Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal 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 assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Notes V.13, V.14, V.15, V.16 and V.18.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note V.17.

Fair value of non-listed equity investments

The Group determines the fair value of non-listed equity investments using the market approach. This requires the Group to ascertain comparable listed companies, select market multiples and make estimates on liquidity discounts, thereby giving rise to uncertainties.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

III. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

31. Significant accounting judgements and estimates *(continued)*

(2) Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

Provision for decline in value of inventories

The Group's inventories are measured at the lower of the costs and net realisable value. Net realisable value of inventory is the estimated selling price of inventory less the estimated costs upon completion of production, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Management's calculation of the net realisable value of inventory involves the estimation on the estimated selling price, the estimated costs upon completion, the estimated selling expenses and the related taxes and surcharges necessary to make the sale. Any changes in such estimates will affect the carrying amount of the inventory and profit or loss in the year of the future change.

Useful lives and residual values of fixed assets

Fixed assets are depreciated over their estimated useful lives by taking into account their residual values. The Group regularly reviews the estimated useful lives and residual values of relevant assets to determine the total amount of depreciation which will be included in each reporting period. Useful lives and residual values of assets are determined on the basis of the previous experience from assets of the same category and the expected change of technology. If the past estimates change significantly, the depreciation expense is adjusted in the future periods.

Provisions – Mine restoration obligations

The obligations of mine restoration and environmental clean-up are determined by the management based on the historical experience and best estimate of future expenditure after taking into account the existing laws and regulations with expected expenditure discounted to its net present value. With the progress of the current mining activities and the revision and improvement of relevant laws and regulations, the estimation for the related cost may be revised constantly when the restoration plan becomes evident.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IV. TAXATION

1. Major categories of taxes and respective tax rates

	Tax basis	Tax rate
Value-added tax (VAT)	Except for the local tax rate applicable to the overseas companies in accordance with the tax law, output tax shall be calculated according to the corresponding tax rate for the taxable income of the general taxpayers of the Group, and VAT shall be calculated and paid according to the difference after deducting the allowable deduction of input tax for the current period. Among them, the sand, soil and stone used in the sales of construction materials and the production of construction materials of the Group are simply taxed according to the sales revenue, with a levy rate of 3%. Sales of concrete are simply taxed according to the sales revenue, with a levy rate of 3%. Sales of other commodities are calculated as output tax at a rate of 13%. Small-scale according to the sales revenue are subject to levy at a rate of 3%. The VAT rate for transportation services and professional and technical services is 6%.	General tax rates: 13%, 6% Simplified tax rate: 3% Overseas companies tax rates: 18%, 17%, 16%, 15%, 12% and 5%.
Excise tax	The Group pays excise tax on the cement sold in Tanzania at TZS 2,000 per ton in accordance with Tanzanian tax law.	—
Urban maintenance and construction tax	Actual VAT paid	7%, 5%, 1%
Education surcharge	Actual VAT paid	3%
Property tax	1. Based on the values of properties owned or used less 10% to 30% of that value 2. Based on the rental income.	Self-occupied properties: 1.2% Leased out properties: 12%
Land use tax	Based on the land areas occupied for production and operations	Applicable tax amount
Individual income tax	Based on salaries and other personal income paid to employees	Applicable tax rate
Land appreciation tax	Based on the appreciation of land value	At four-level excess progressive tax rates ranging from 30% to 60%
Resource tax	1. Minerals exploited by the Group 2. On a quantity basis or price basis	Applicable tax rate Applicable tax amount
Corporate income tax	1. Exceptions apply for the overseas subsidiaries and enterprises entitled to income tax concessions 2. Tax rate of 25% based on the taxable profit	Overseas companies: 30%, 28%, 20%, 18%, 15%, 13%, 12.5% and 10% Other companies: 25%, 16.5%, 15%, 12.5%, 9% and 0%

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IV. TAXATION *(continued)*

2. Tax concessions

2.1 Corporate income tax

The Group's subsidiary, Huaxin Cement Technology Management (Wuhan) Co., LTD, was granted the Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2023. Pursuant to the Enterprise Income Tax Law of the PRC, the subsidiary is entitled to a reduced tax rate of 15% for the year (2024: 15%).

The Group's subsidiary, Huaxin Environmental Engineering Co., LTD, was granted the Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2025. Pursuant to the Enterprise Income Tax Law of the PRC, the subsidiary is entitled to a reduced tax rate of 15% for the year (2024: 15%).

The Group's subsidiary, Huaxin Super-kolon New Building Materials Technology (Huangshi) Co., LTD, was granted the Certificate of High and New Technological Enterprise by Hubei Provincial Science & Technology Department in 2024. Pursuant to the Enterprise Income Tax Law of the PRC, the subsidiary is entitled to a reduced tax rate of 15% for the year (2024: 15%).

The Group's subsidiaries, Huaxin Cement Chongqing Fuling Co., LTD, Huaxin Cement (Enshi) Co., LTD, Huaxin Cement (Quxian) Co., LTD, Huaxin Cement (Wanyuan) Co., LTD, Huaxin Cement (Lijiang) Co., LTD, Yunnan Huaxin Dongjun Cement Co., LTD, Huaxin Guizhou Dingxiao Special Cement Co., LTD, Huaxin Cement (Zhaotong) Co., LTD, Huaxin Hongta Cement (Jinghong) Co., LTD, Huaxin Cement (Jianchuan) Co., LTD, Huaxin Cement (Kunming Dongchuan) Co., LTD, Huaxin Cement (Lincang) Co., LTD, Huaxin Cement (Honghe) Co., LTD, Chongqing Huaxin Diwei Cement Co., LTD, Chongqing Huaxin Cantian Cement Co., LTD and Guizhou Shuicheng Rui An Cement Co., LTD, Huaxin Cement (Fumin) Co., LTD, Kunming Chongde Cement Co., LTD and Huaxin Cement (Tibet) Co., LTD, Huaxin Cement (Diqing) Co., LTD, Tibet Huaxin Building Materials Co., LTD, Huaxin Cement (Yunlong) Co., LTD, Panzhihua Huaxin Building Materials Group Co., Ltd., Chongqing Huaxin Yanjing Cement Co., LTD, Chongqing Huaxin Phoenix Lake Concrete Co., LTD, Huaxin New Building Materials (Kunming) Co., LTD, and Yunwei Baoshan Organic Chemical Co., LTD are manufacturing enterprises established in the western development zone of the PRC. Pursuant to Cai Shui [2020] No. 23 Announcement on the Continuation of the Enterprise Income Tax Policy for Western China Development, the applicable enterprise income tax rate for these subsidiaries for the years 2021 to 2030 is reduced to 15%.

The Group's subsidiaries, Hainan Xinhongda Building Materials Co., LTD., Hainan Baihuitong Supply Chain Technology Co., LTD., and Hainan Huaxin Ronghui Concrete Co., Ltd. are enterprises established for production and operation in the Hainan Free Trade Port and belong to the encouraged industries of the Hainan Free Trade Port. According to Caishui [2020] No. 31 "Notice on Enterprise Income Tax Preferential Policies for the Hainan Free Trade Port," the above-mentioned subsidiaries pay corporate income tax at a reduced rate of 15% from 2020 to 2024; according to Caishui [2025] No. 3 "Notice of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Enterprise Income Tax Preferential Policies for the Hainan Free Trade Port," the implementation period is extended to 31 December 2027.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IV. TAXATION (continued)

2. Tax concessions (continued)

2.1 Corporate income tax (continued)

The Group's subsidiaries, Hainan Xinhongda Building Materials Co., LTD, Hainan Baihuitong Supply Chain Technology Co., LTD, and Hainan Huaxin Ronghui Concrete Co., LTD, are enterprises established in the Hainan Province. Pursuant to Cai Shui [2020] No. 31 Announcement of Corporate Income Tax Relief Policy in the Hainan Free Trade Port, the applicable enterprise income tax rate for these subsidiaries for the years 2020 to 2024 is reduced to 15%. According to the "Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of the Enterprise Income Tax Preferences for the Hainan Free Trade Port" (Cai Shui [2025] No. 3), the implementation period has been extended to 31 December 2027.

The Group's subsidiary, Huaxin Environmental Engineering (Wuxue) Co., LTD, is a qualified third-party enterprise engaged in pollution prevention and control. According to Announcement No. 38 of the Ministry of Finance of the People's Republic of China (2023), Announcement of the Ministry of Ecology and Environment of the State Development and Reform Commission on the Income Tax Policies of Third-party Enterprises engaged in Pollution Prevention, the subsidiary is subject to corporate income tax at a reduced rate of 15% from 2024 to 2027.

For the Group's subsidiaries engaged in the business of environmental engineering, their profits generated from the business of environmental protection and energy and water conservation are exempt from enterprise income tax in the first three years starting from the first year of generating revenue and followed by a 50% reduction from the fourth year to the sixth year.

The Group's subsidiaries, Huaxin Cement (Tibet) Co., LTD and Tibet Huaxin Building Materials Co., LTD are the key enterprises supported and encouraged by the development in the Tibet Autonomous Region. Pursuant to the "Measures for the Implementation of Enterprise Income Tax Policies in the Tibet Autonomous Region (Provisional)" issued by the Government of the People's Republic of China under No. 11 of the [2022], from 1 January 2022 to 31 December 2025, they are exempted from the local portion of the enterprise income tax.

2.2 VAT

Pursuant to Cai Shui [2015] No. 78, VAT Preferential Catalog of Products and Services Comprehensive Utilization of Resources, some subsidiaries of the Group are entitled to the preferential policy of immediate refund of VAT, with a 70% refund ratio.

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	31 December 2025	31 December 2024
Cash on hand	1,171,962	1,192,015
Cash at banks	6,825,555,172	6,217,848,316
Other cash and bank balances (Note)	1,707,956,330	589,962,243
Total	<u>8,534,683,464</u>	<u>6,809,002,574</u>
Including: Total amount of funds deposited overseas	3,425,811,557	1,441,956,475

Note: As of 31 December 2025, other monetary funds include time deposits with relatively short terms placed in local commercial banks.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2. Financial assets held for trading

	31 December 2025	31 December 2024
Equity investments	1,660,727	1,704,908
Money market fund	—	30,000,000
Total	<u>1,660,727</u>	<u>31,704,908</u>

3. Notes receivable

(1) Classification and presentation of notes receivable

	31 December 2025	31 December 2024
Bank acceptance bills	618,259,255	202,597,711
Less: Impairment allowance	—	—
Total	<u>618,259,255</u>	<u>202,597,711</u>

The Group considers that there is no material credit risk in the bank acceptance bills held by the Group and will not incur significant losses due to default by banks or other drawers.

(2) Pledged notes receivable

As at 31 December 2025, the Group had no pledged notes receivable (as at 31 December 2024: Nil).

Notes endorsed or discounted but not yet matured at the balance sheet date

	31 December 2025		31 December 2024	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bill	—	409,546,995	—	114,931,747

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable

(1) The ageing analysis of accounts receivable

	31 December 2025	31 December 2024
Within 6 months	2,064,034,005	2,215,711,566
6–12 months	650,073,734	463,834,341
1 to 2 years	622,356,392	425,135,025
2 to 3 years	118,733,730	65,994,623
Over 3 years	134,780,195	117,966,856
	3,589,978,056	3,288,642,411
Less: Impairment allowance	386,196,455	318,842,528
Total	3,203,781,601	2,969,799,883

(2) Disclosure by category of bad debt provision method

	31 December 2025				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables for which bad debt provision is assessed on an individual basis	162,492,614	5	139,256,658	86	23,235,956
Receivables for which bad debt provision is assessed on a portfolio basis	3,427,485,442	95	246,939,797	7	3,180,545,645
Total	3,589,978,056		386,196,455		3,203,781,601

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Disclosure by category of bad debt provision method (continued)

	31 December 2024				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables for which bad debt provision is assessed on an individual basis	106,726,884	3	98,804,119	93	7,922,765
Receivables for which bad debt provision is assessed on a portfolio basis	3,181,915,527	97	220,038,409	7	2,961,877,118
Total	3,288,642,411		318,842,528		2,969,799,883

As at 31 December 2025, receivables for which bad debt provision is assessed on an individual basis are as follows:

	Carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Client A	8,974,092	8,974,092	100	All uncollectible
Client B	11,236,170	11,236,170	100	All uncollectible
Others	142,282,352	119,046,396	84	Partly uncollectible
Total	162,492,614	139,256,658		

As at 31 December 2024, receivables for which bad debt provision is assessed on an individual basis are as follows:

	Carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Client A	10,455,415	10,455,415	100	All uncollectible
Client B	11,491,305	11,491,305	100	All uncollectible
Others	84,780,164	76,857,399	91	Partly uncollectible
Total	106,726,884	98,804,119		

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Disclosure by category of bad debt provision method (continued)

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of cement receivable:

	31 December 2025		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	431,622,754	1	2,610,052
6-12 months	74,846,595	2	1,530,761
1-2 years	52,287,452	15	7,900,507
2-3 years	2,482,582	100	2,482,582
Over 3 years	598,724	100	598,724
Total	<u>561,838,107</u>		<u>15,122,626</u>

	31 December 2024		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	457,784,375	4	16,472,449
6-12 months	32,085,779	5	1,617,996
1-2 years	29,172,421	15	4,289,857
2-3 years	2,352,165	99	2,326,061
Over 3 years	4,396,596	100	4,396,596
Total	<u>525,791,336</u>		<u>29,102,959</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Disclosure by category of bad debt provision method (continued)

Category of concrete receivable:

	31 December 2025		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	1,335,502,166	4	50,646,597
6 to 12 months	527,494,207	3	15,765,232
1 to 2 years	480,093,198	15	73,599,678
2 to 3 years	77,256,302	49	37,636,764
Over 3 years	21,522,419	94	20,312,573
Total	2,441,868,292		197,960,844

	31 December 2024		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	1,531,379,191	3	44,510,581
6 to 12 months	376,678,830	3	12,760,766
1 to 2 years	292,878,125	15	44,255,217
2 to 3 years	42,677,200	45	19,225,964
Over 3 years	6,430,263	82	5,301,998
Total	2,250,043,609		126,054,526

Category of other business:

	31 December 2025		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	287,211,143	2	6,603,177
6 to 12 months	45,592,503	7	3,143,679
1 to 2 years	64,748,666	14	9,019,490
2 to 3 years	18,062,195	43	7,717,239
Over 3 years	8,164,536	90	7,372,742
Total	423,779,043		33,856,327

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(2) Disclosure by category of bad debt provision method (continued)

	31 December 2024		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	225,758,400	6	13,018,954
6 to 12 months	53,963,771	7	3,954,080
1 to 2 years	88,761,890	18	16,000,817
2 to 3 years	13,677,303	58	7,987,855
Over 3 years	<u>23,919,218</u>	<u>100</u>	<u>23,919,218</u>
Total	<u>406,080,582</u>		<u>64,880,924</u>

(3) Bad debt provisions

The movements in impairment allowance for accounts receivable are as follows:

	Opening balance	Provision	Recovered or reversal	Write-off	Closing balance
2025	<u>318,842,528</u>	<u>95,660,865</u>	<u>(19,509,915)</u>	<u>(8,797,023)</u>	<u>386,196,455</u>
	Opening balance	Provision	Recovered or reversal	Write-off	Closing balance
2024	<u>235,701,561</u>	<u>104,793,643</u>	<u>(12,281,701)</u>	<u>(9,370,975)</u>	<u>318,842,528</u>

There was no significant reversal or write-off of individual provision during the current period.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. Accounts receivable *(continued)*

(4) The top five amounts for accounts receivable

	31 December 2025			
	Closing balance of accounts receivable	Percentage of the total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable	Closing net value of accounts receivable
First	60,218,798	2	2,241,607	57,977,191
Second	36,364,084	1	219,896	36,144,188
Third	25,468,492	1	585,538	24,882,954
Fourth	20,263,833	1	465,879	19,797,954
Fifth	20,001,700	1	1,152,205	18,849,495
Total	<u>162,316,907</u>		<u>4,665,125</u>	<u>157,651,782</u>

	31 December 2024			
	Closing balance of accounts receivable	Percentage of the total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable	Closing net value of accounts receivable
First	65,448,960	2	3,804,631	61,644,329
Second	32,218,492	1	5,224,029	26,994,463
Third	20,959,660	1	1,119,868	19,839,792
Fourth	20,785,397	1	2,293,190	18,492,207
Fifth	16,760,815	1	840,221	15,920,594
Total	<u>156,173,324</u>		<u>13,281,939</u>	<u>142,891,385</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Receivables financing

(1) Classification and presentation of financing receivables

	31 December 2025	31 December 2024
Bank acceptance bills	<u>488,921,677</u>	<u>511,791,354</u>

The Group endorsed or discounted bank acceptance bills based on its daily cash management needs. The business model for managing these bills aims both to collect contractual cash flows and to sell them. Therefore, these bank acceptance bills are classified as financial assets measured at fair value with changes recognised in other comprehensive income, and are presented as financing receivables.

(2) Pledged financing receivables

As at 31 December 2025, the Group had no bank acceptance bills pledged (as of 31 December 2024: Nil).

(3) Bills endorsed or discounted but not yet due

	31 December 2025		31 December 2024	
	Derecognised	Not Derecognised	Derecognised	Not Derecognised
Bank acceptance bills	<u>2,376,035,196</u>	<u>—</u>	<u>2,280,249,072</u>	<u>—</u>

6. Prepayments

(1) An ageing analysis of prepayments

	31 December 2025		31 December 2024	
	Balance of carrying amount	Proportion (%)	Balance of carrying amount	Proportion (%)
Within 1 year	357,593,786	94	253,908,235	81
1 to 2 years	5,205,040	1	30,230,495	9
2 to 3 years	7,879,069	2	20,890,730	7
Over 3 years	<u>12,203,923</u>	<u>3</u>	<u>9,858,515</u>	<u>3</u>
Total	<u>382,881,818</u>	<u>100</u>	<u>314,887,975</u>	<u>100</u>

At 31 December 2025, there was no significant prepayment with ageing above one year (as at 31 December 2024: Nil).

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. Prepayments *(continued)*

(2) The top five amounts for prepayments

	31 December 2025	
	Balance of carrying amount	Proportion (%)
First	32,449,080	8
Second	31,711,500	8
Third	20,000,000	5
Fourth	14,150,000	4
Fifth	13,814,576	4
Total	<u>112,125,156</u>	<u>29</u>

	31 December 2024	
	Balance of carrying amount	Proportion (%)
First	11,385,769	4
Second	11,134,950	4
Third	10,170,300	3
Fourth	9,987,637	3
Fifth	9,909,209	3
Total	<u>52,587,865</u>	<u>17</u>

7. Other receivables

	31 December 2025	31 December 2024
Interests receivable	9,191,760	8,692,908
Dividends receivable	25,167,688	41,073,612
Other receivables	749,731,025	1,187,735,988
Total	<u>784,090,473</u>	<u>1,237,502,508</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

(1) An ageing analysis of other receivables

	31 December 2025	31 December 2024
Within 1 year	266,739,504	636,386,497
1 to 2 years	189,733,955	356,907,345
2 to 3 years	135,975,346	91,778,591
Over 3 years	222,807,879	168,796,269
	<u>65,525,659</u>	<u>66,132,714</u>
Less: Impairment allowance		
Total	<u>749,731,025</u>	<u>1,187,735,988</u>

(2) The carrying balance of other receivables classified by nature is as follows:

	31 December 2025	31 December 2024
Receivables from disposal of assets	303,489,120	697,542,989
Loans and out-of-pocket expenses	106,374,322	138,674,729
Margin and deposit	230,014,691	195,868,910
Petty cash	8,353,251	8,808,792
Other	167,025,300	212,973,282
	<u>815,256,684</u>	<u>1,253,868,702</u>
Total	<u>815,256,684</u>	<u>1,253,868,702</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

(3) *Bad debt provisions*

Changes in impairment allowance recognised for the 12-month ECLs and lifetime ECLs on other receivables are as follows:

31 December 2025

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (not yet credit- impaired)	Stage 3 Lifetime ECLs (credit- impaired)	Total
Opening balance	—	9,026,568	57,106,146	66,132,714
Accrual	—	4,604,533	—	4,604,533
Reversal	—	(2,400,032)	—	(2,400,032)
Write-off	—	—	(2,811,556)	(2,811,556)
Closing balance	—	11,231,069	54,294,590	65,525,659

31 December 2024

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (not yet credit- impaired)	Stage 3 Lifetime ECLs (credit-impaired)	Total
Opening balance	—	10,292,797	94,053,908	104,346,705
Accrual	—	5,465,333	—	5,465,333
Reversal	—	(6,731,562)	—	(6,731,562)
Write-off	—	—	(36,947,762)	(36,947,762)
Closing balance	—	9,026,568	57,106,146	66,132,714

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. Other receivables *(continued)*

(4) *The top five amounts for other receivables*

31 December 2025

	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature	Ageing	Closing balance of provision for bad debts
First	170,000,000	21%	Receivables from disposal of assets	1-2years	—
Second	90,739,120	11%	Receivables from disposal of assets	2-3 years	—
Third	69,006,000	8%	Margin and deposit	Within 1 year, 2-3 years, More than 3 years	—
Fourth	42,750,000	5%	Receivables from disposal of assets	Within 1 year	—
Fifth	38,927,223	5%	Loans and out-of- pocket expenses	Over 3 years	38,927,223
Total	411,422,343	50%			38,927,223

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Other receivables (continued)

(4) The top five amounts for other receivables (continued)

31 December 2024

	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature	Ageing	Closing balance of provision for bad debts
First	425,000,000	34%	Receivables from disposal of assets	Within 1 year	—
Second	272,542,989	22%	Receivables from disposal of assets	1–2 years	—
Third	50,266,825	4%	Other	Within 1 year, 2–3 years, More than 3 years	—
Fourth	44,300,000	4%	Margin and deposits	Within 1 year, 1–2 years, 2–3 years, over 3 years	—
Fifth	38,927,223	3%	Loans and out-of-pocket expenses	Over 3 years	38,927,223
Total	<u>831,037,037</u>	<u>67%</u>			<u>38,927,223</u>

8. Inventories

(1) Classification of Inventories

	31 December 2025			31 December 2024		
	Balance of carrying amount	Provision for write-down of inventories	Carrying value	Balance of carrying amount	Provision for write-down of inventories	Carrying value
Raw materials	912,159,394	8,599,517	903,559,877	728,262,770	25,770,526	702,492,244
Work in progress	528,060,517	17,862,234	510,198,283	788,783,215	21,410,776	767,372,439
Finished goods	1,134,111,046	26,314,380	1,107,796,666	852,259,019	31,309,200	820,949,819
Spare parts and turnover materials	1,119,924,058	111,247,485	1,008,676,573	890,456,512	123,501,524	766,954,988
Total	<u>3,694,255,015</u>	<u>164,023,616</u>	<u>3,530,231,399</u>	<u>3,259,761,516</u>	<u>201,992,026</u>	<u>3,057,769,490</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

(2) The movements in provision for write-down of inventories

31 December 2025

	Opening balance	Provision	Decrease		Closing balance
			Reversal	Transfer and others	
Raw materials	25,770,526	12,698,614	14,996,139	14,873,484	8,599,517
Work in progress	21,410,776	3,579,822	6,644,787	483,577	17,862,234
Finished goods	31,309,200	6,321,537	541,016	10,775,341	26,314,380
Spare parts and turnover materials	123,501,524	17,471,327	26,491,961	3,233,405	111,247,485
Total	201,992,026	40,071,300	48,673,903	29,365,807	164,023,616

31 December 2024

	Opening balance	Provision	Decrease		Closing balance
			Reversal	Transfer and others	
Raw materials	66,501	29,466,511	3,762,486	—	25,770,526
Work in progress	56,736,368	6,217,316	37,738,918	3,803,990	21,410,776
Finished goods	23,924,403	14,202,249	6,817,452	—	31,309,200
Spare parts and turnover materials	126,828,337	6,507,275	9,641,545	192,543	123,501,524
Total	207,555,609	56,393,351	57,960,401	3,996,533	201,992,026

9. Other current assets

	31 December 2025	31 December 2024
Input VAT to be credited	473,263,609	533,342,789
Prepaid income tax	201,736,291	56,621,514
Fixed deposit (Note)	35,144,000	—
Others	115,256,026	26,586,317
Total	825,399,926	616,550,620

Note: Fixed deposits held in local commercial banks with a maturity of more than three months but less than one year are classified as other current assets, with an annual interest rate of 3.5% (December 31, 2024: none).

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Long-term receivables

	31 December 2025			31 December 2024		
	Balance of carrying amount	Impairment allowance	Carrying value	Balance of carrying amount	Impairment allowance	Carrying value
External loans	27,291,183	—	27,291,183	46,241,905	—	46,241,905
Others	—	—	—	476,280	—	476,280
Total	27,291,183	—	27,291,183	46,718,185	—	46,718,185

11. Long-term equity investments

31 December 2025

	Movements during the year										
	Opening balance	Opening Impairment allowance	Increase in investment	Decrease in investment	Investment profits or losses under equity method	Other comprehensive income	Other changes in equity	Cash dividends declared	Impairment allowance	Closing balance	Closing Impairment allowance
Joint venture											
Tibet Huaxin New Aggregates Co., Ltd	20,291,611	—	—	—	(105,681)	—	(20,185,930)	—	—	—	—
Subtotal	20,291,611	—	—	—	(105,681)	—	(20,185,930)	—	—	—	—
Associates											
Tibet High-tech Building Materials Group Co., Ltd	381,704,461	—	—	—	25,320,614	—	434,586	—	—	407,459,661	—
Shanghai Wan'an Huaxin Building Materials Group Co., Ltd.	89,210,350	—	—	—	329,820	—	—	—	—	89,540,170	—
Zhangjiajie Tianzi Concrete Co., Ltd	3,566,505	—	—	—	—	—	—	—	—	3,566,505	—
Xinyang Xinxin Mining Co., Ltd	62,854,742	—	—	—	—	—	—	—	—	62,854,742	—
Mondi Oman LLC	27,124,785	—	—	—	2,093,049	—	—	(4,788,140)	—	24,429,694	—
Hubei Zhongyun Zhiwei Industry Innovation Development Co., Ltd	—	—	450,000	—	—	—	—	—	—	450,000	—
Subtotal	564,460,843	—	450,000	—	27,743,483	—	434,586	(4,788,140)	—	588,300,772	—
Total	584,752,454	—	450,000	—	27,637,802	—	(19,751,344)	(4,788,140)	—	588,300,772	—

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Long-term equity investments (continued)

31 December 2024

	Movements during the year										
	Opening		Investment				Other		Closing		
	Opening balance	Impairment allowance	Increase in investment	Decrease in investment	profits or losses under equity method	comprehensive income	Other changes in equity	Cash dividends declared	Impairment allowance	Impairment allowance	
Joint venture											
Tibet Huaxin New Aggregates Co., Ltd	-	-	15,300,000	-	4,991,611	-	-	-	-	20,291,611	-
Subtotal	-	-	15,300,000	-	4,991,611	-	-	-	-	20,291,611	-
Associates											
Tibet High-tech Building Materials											
Group Co., Ltd	361,515,912	-	-	-	20,322,712	-	(134,163)	-	-	381,704,461	-
Shanghai Wan'an Huaxin Building											
Materials Group Co., Ltd.	89,221,403	-	-	-	(11,053)	-	-	-	-	89,210,350	-
Zhangjiajie Tianzi Concrete Co., Ltd	3,132,008	-	-	-	434,497	-	-	-	-	3,566,505	-
Xinyang Xinxin Mining Co., Ltd	30,000,000	-	30,000,000	-	2,854,742	-	-	-	-	62,854,742	-
Mondi Oman LLC	28,994,028	-	-	-	3,304,223	-	-	(5,173,466)	-	27,124,785	-
Subtotal	512,863,351	-	30,000,000	-	26,905,121	-	(134,163)	(5,173,466)	-	564,460,843	-
Total	512,863,351	-	45,300,000	-	31,896,732	-	(134,163)	(5,173,466)	-	584,752,454	-

12. Other equity investments

31 December 2025

	Opening balance	Gains recognised in other comprehensive income for the year	Losses recognised in other comprehensive income for the year	Accumulated gains recognised in other comprehensive income	Accumulated Losses recognised in other comprehensive income	Dividend income for the year	Closing balance
Equity investment in non-listed companies 1	39,986,790	11,620,387	-	39,882,511	-	-	51,607,177
Equity investment in non-listed companies 2	894,537,269	223,091,170	-	117,628,439	-	19,385,311	1,117,628,439
Total	934,524,059	234,711,557	-	157,510,950	-	19,385,311	1,169,235,616

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Other equity investments (continued)

31 December 2024

	Opening balance	Gains recognised in other comprehensive income for the year	Losses recognised in other comprehensive income for the year	Accumulated gains recognised in other comprehensive income	Accumulated Losses recognised in other comprehensive income	Dividend income for the year	Closing balance
Equity investment in non-listed companies 1	41,113,278	—	1,126,488	28,262,124	—	—	39,986,790
Equity investment in non-listed companies 2	923,520,621	—	28,983,352	—	105,462,731	41,073,612	894,537,269
Total	964,633,899	—	30,109,840	28,262,124	105,462,731	41,073,612	934,524,059

The Group's voting rights in equity investments in non-listed companies 1 and 2 are 1.4988% and 5.2173%, respectively. The Group does not participate in or exercise influence over their financial and operational decisions in any way, and the Group does not have significant influence on the above-mentioned companies. These investments are accounted for as other equity instruments.

13. Fixed assets

	31 December 2025	31 December 2024
Fixed assets	31,697,415,326	28,398,029,574
Disposal of fixed assets	13,993,041	10,422,362
Total	31,711,408,367	28,408,451,936

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets (continued)

(1) Movement of fixed assets

December 31, 2025

	Buildings	Machinery	Office equipment	Vehicles	Total
Cost					
Opening balance	22,447,480,429	27,552,216,906	360,233,509	548,938,270	50,908,869,114
Purchases	7,116,473	97,416,322	18,692,204	82,880,399	206,105,398
Transfers from construction in progress	1,034,026,095	2,066,456,791	71,611,522	39,997,132	3,212,091,540
Business combination not under common control	736,647,763	1,498,161,146	24,625,057	111,059,040	2,370,493,006
Disposals or retirements	(46,739,738)	(164,337,802)	(7,298,607)	(78,939,824)	(297,315,971)
Exchange differences on foreign currency translation	35,531,824	156,989,695	5,020,620	8,757,679	206,299,818
Closing balance	<u>24,214,062,846</u>	<u>31,206,903,058</u>	<u>472,884,305</u>	<u>712,692,696</u>	<u>56,606,542,905</u>
Accumulated depreciation					
Opening balance	6,621,849,878	14,770,747,462	258,018,586	416,302,329	22,066,918,255
Depreciation provided during the year	855,418,572	1,639,661,404	25,744,341	41,637,097	2,562,461,414
Disposals or retirements	(24,563,917)	(163,854,470)	(6,250,106)	(82,690,452)	(277,358,945)
Exchange differences on foreign currency translation	22,455,520	69,884,384	2,018,558	6,868,654	101,227,116
Closing balance	<u>7,475,160,053</u>	<u>16,316,438,780</u>	<u>279,531,379</u>	<u>382,117,628</u>	<u>24,453,247,840</u>
Provision for impairment					
Opening balance	280,055,060	163,393,211	202,173	270,841	443,921,285
Depreciation provided during the year	14,000,602	6,142,340	—	—	20,142,942
Disposals or retirements	(34,073)	(3,459,292)	(100,015)	—	(3,593,380)
Exchange differences on foreign currency translation	—	(4,591,108)	—	—	(4,591,108)
Closing balance	<u>294,021,589</u>	<u>161,485,151</u>	<u>102,158</u>	<u>270,841</u>	<u>455,879,739</u>
Carrying amount					
At end of year	<u>16,444,881,204</u>	<u>14,728,979,127</u>	<u>193,250,768</u>	<u>330,304,227</u>	<u>31,697,415,326</u>
At beginning of year	<u>15,545,575,491</u>	<u>12,618,076,233</u>	<u>102,012,750</u>	<u>132,365,100</u>	<u>28,398,029,574</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets (continued)

(1) Movement of fixed assets (continued)

December 31, 2024

	Buildings	Machinery	Office equipment	Vehicles	Total
Cost					
Opening balance	21,705,931,735	25,792,398,525	340,049,873	482,046,979	48,320,427,112
Purchases	72,010,792	108,535,823	29,081,312	61,980,225	271,608,152
Transfers from construction in progress	696,630,038	1,858,813,094	—	—	2,555,443,132
Disposals or retirements	(111,443,489)	(434,919,111)	(23,553,936)	(41,815,782)	(611,732,318)
Exchange differences on foreign currency translation	84,351,353	227,388,575	14,656,260	46,726,848	373,123,036
Closing balance	<u>22,447,480,429</u>	<u>27,552,216,906</u>	<u>360,233,509</u>	<u>548,938,270</u>	<u>50,908,869,114</u>
Accumulated depreciation					
Opening balance	5,902,807,902	13,365,453,094	238,640,170	362,447,136	19,869,348,302
Depreciation provided during the year	769,099,959	1,709,780,383	28,597,072	57,435,566	2,564,912,980
Disposals or retirements	(87,065,733)	(417,811,126)	(19,811,721)	(39,562,592)	(564,251,172)
Exchange differences on foreign currency translation	37,007,750	113,325,111	10,593,065	35,982,219	196,908,145
Closing balance	<u>6,621,849,878</u>	<u>14,770,747,462</u>	<u>258,018,586</u>	<u>416,302,329</u>	<u>22,066,918,255</u>
Provision for impairment					
Opening balance	218,041,179	149,069,032	202,173	270,841	367,583,225
Impairment	60,276,467	11,563,056	—	—	71,839,523
Disposals or retirements	(3,409,673)	(4,793,985)	—	—	(8,203,658)
Exchange differences on foreign currency translation	5,147,087	7,555,108	—	—	12,702,195
Closing balance	<u>280,055,060</u>	<u>163,393,211</u>	<u>202,173</u>	<u>270,841</u>	<u>443,921,285</u>
Carrying amount					
At end of year	<u>15,545,575,491</u>	<u>12,618,076,233</u>	<u>102,012,750</u>	<u>132,365,100</u>	<u>28,398,029,574</u>
At beginning of year	<u>15,585,082,654</u>	<u>12,277,876,399</u>	<u>101,207,530</u>	<u>119,329,002</u>	<u>28,083,495,585</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets (continued)

(2) Fixed assets that are temporarily idle

31 December 2025

	Cost	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	667,429,934	481,557,445	6,200,000	179,672,489
Machinery	1,018,586,000	923,366,564	12,282,832	82,936,604
Office equipment	9,362,564	8,502,153	—	860,411
Vehicles	23,101,724	22,029,622	—	1,072,102
Total	<u>1,718,480,222</u>	<u>1,435,455,784</u>	<u>18,482,832</u>	<u>264,541,606</u>

31 December 2024

	Cost	Accumulated depreciation	Provision for impairment	Carrying value
Buildings	698,154,749	443,342,933	4,057,103	250,754,713
Machinery	1,047,716,062	903,587,644	5,616,647	138,511,771
Office equipment	9,320,000	8,089,922	—	1,230,078
Vehicles	25,641,117	23,097,733	—	2,543,384
Total	<u>1,780,831,928</u>	<u>1,378,118,232</u>	<u>9,673,750</u>	<u>393,039,946</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

13. Fixed assets *(continued)*

(3) Fixed assets leased under operating leases

31 December 2025

	Buildings	Machinery	Office equipment	Vehicles	Total
Cost					
Original price	4,590,317	2,900,874	93,589	54,201	7,638,981
Addition	6,953,717	1,274,913	—	4,466,418	12,695,048
Lease out	(4,590,317)	(2,900,874)	(93,589)	(54,201)	(7,638,981)
Closing balance	<u>6,953,717</u>	<u>1,274,913</u>	<u>—</u>	<u>4,466,418</u>	<u>12,695,048</u>
Accumulated depreciation					
Original price	2,894,224	2,784,839	90,230	52,033	5,821,326
Depreciation provided during the year	208,300	101,993	—	28,776	339,069
Addition	3,601,594	582,488	—	4,258,985	8,443,067
Lease out	(2,894,224)	(2,784,839)	(90,230)	(52,033)	(5,821,326)
Closing balance	<u>3,809,894</u>	<u>684,481</u>	<u>—</u>	<u>4,287,761</u>	<u>8,782,136</u>
Carrying amount					
At end of year	<u>3,143,823</u>	<u>590,432</u>	<u>—</u>	<u>178,657</u>	<u>3,912,912</u>
At beginning of year	<u>1,696,093</u>	<u>116,035</u>	<u>3,359</u>	<u>2,168</u>	<u>1,817,655</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets (continued)

(3) Fixed assets leased under operating leases (continued)

31 December 2024

	Buildings	Machinery	Office equipment	Vehicles	Total
Cost					
Original price	1,713,873	2,270,989	93,589	54,201	4,132,652
Lease out	<u>2,876,444</u>	<u>629,885</u>	<u>—</u>	<u>—</u>	<u>3,506,329</u>
Closing balance	<u><u>4,590,317</u></u>	<u><u>2,900,874</u></u>	<u><u>93,589</u></u>	<u><u>54,201</u></u>	<u><u>7,638,981</u></u>
Accumulated depreciation					
Original price	930,624	2,180,149	89,845	52,033	3,252,651
Depreciation provided during the year	389,347	12,628	385	—	402,360
Addition	<u>1,574,253</u>	<u>592,062</u>	<u>—</u>	<u>—</u>	<u>2,166,315</u>
Closing balance	<u><u>2,894,224</u></u>	<u><u>2,784,839</u></u>	<u><u>90,230</u></u>	<u><u>52,033</u></u>	<u><u>5,821,326</u></u>
Carrying amount					
At end of year	<u><u>1,696,093</u></u>	<u><u>116,035</u></u>	<u><u>3,359</u></u>	<u><u>2,168</u></u>	<u><u>1,817,655</u></u>
At beginning of year	<u><u>783,249</u></u>	<u><u>90,840</u></u>	<u><u>3,744</u></u>	<u><u>2,168</u></u>	<u><u>880,001</u></u>

(4) Impairment test of fixed assets

The Group determines whether there is any indication that an asset may be impaired at the balance sheet date. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test. The recoverable amount is the higher of the fair value of the cash-generating unit, net of disposal costs, and the present value of the cash-generating unit's estimated future cash flows.

The Group recognised an impairment provision for long-term assets of RMB38,898,847 during the year. The reasons and methods used by the Group to make the impairment provision are set out below.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Fixed assets (continued)

(4) Impairment test of fixed assets (continued)

- 1) Recoverable amount is determined based on the present value of estimated future cash flows.

In 2025, affected by market conditions and other factors, certain subsidiaries of the Group experienced underutilisation of production capacity and continuous operating losses, indicating obvious impairment signs for these asset groups. These asset groups include fixed assets with a carrying amount before impairment of RMB368,880,235, intangible assets of RMB44,587,529, and construction in progress of RMB24,675,178.

- 2) Recoverable amount is determined based on the fair value less costs of disposal.

Some of the Group's individual subsidiaries have construction projects that have halted due to the failure of early-stage planning, and the assets show obvious signs of impairment. These asset groups include construction in progress with a book value of RMB24,273,058 before impairment.

The Group calculates the present value of the projected future cash flows based on the economic life of the main equipment, with the forecast period ranging from 5 to 11 years and a pre-tax discount rate ranging from 13% to 18%. Other key assumptions adopted by the appraisers include the expected sales volume of products in the asset groups, future selling prices, growth rates, expected gross margins, and expense ratios. The Group determines these key assumptions based on the operating performance of the asset group in previous years, industry standards, and forecasts of market development.

Based on the recoverable amount determined by the present value of the expected future cash flows as described above, the Group has provided impairment provisions of RMB20,142,942 and RMB18,755,905 for the fixed assets and construction in progress of these asset groups, respectively, during the year.

14. Construction in progress

	31 December 2025	31 December 2024
Construction in progress	3,384,903,451	3,412,128,279
Construction materials	72,457,245	118,623,991
Total	<u>3,457,360,696</u>	<u>3,530,752,270</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(1) Construction in progress

	31 December 2025			31 December 2024		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	1,060,805,446	—	1,060,805,446	716,358,282	—	716,358,282
Mozambique Dondo Factory Upgrade and Renovation Project	200,446,105	—	200,446,105	—	—	—
Ashaka Factory Thermal Power Station	155,494,440	—	155,494,440	—	—	—
Mozambique Nacala Factory Upgrade and Renovation Project	139,471,520	—	139,471,520	476,041,388	—	476,041,388
Huaxin Environmental Engineering Series Project	120,361,687	—	120,361,687	153,407,103	—	153,407,103
Others	1,735,683,328	27,359,075	1,708,324,253	2,074,924,676	8,603,170	2,066,321,506
Total	3,412,262,526	27,359,075	3,384,903,451	3,420,731,449	8,603,170	3,412,128,279

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(2) Changes of major construction in progress

2025

	Budget	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget (%)
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	11,650,210,000	716,358,284	344,447,162	—	—	1,060,805,446	Self-owned funds and bank borrowings	83
Mozambique Nacala Factory Upgrade and Renovation Project	597,642,998	476,041,388	114,803,883	(451,373,751)	—	139,471,520	Self-owned funds and bank borrowings	95
Huaxin Environmental Engineering Series Project	826,811,342	153,407,102	7,765,067	(40,810,483)	—	120,361,686	Self-owned funds and bank borrowings	N/A
Huaxin Integrated Series Project	1,500,341,300	138,611,523	42,874,803	(155,491,525)	—	25,994,801	Self-owned funds	N/A
Shagamu Factory Renovation Project	1,113,684,000	—	17,392,201	—	—	17,392,201	Self-owned funds	2
Ashaka Factory Renovation Project	526,756,658	—	4,152,967	—	—	4,152,967	Self-owned funds	1
Huangshi Cement Supporting Project	3,744,490,000	249,325,455	—	(184,573,869)	(64,751,586)	—	Self-owned funds	57
Others	N/A	1,678,384,527	3,009,104,513	(2,379,841,912)	(290,922,298)	2,016,724,830	Self-owned funds and bank borrowings	N/A
Total		3,412,128,279	3,540,540,596	(3,212,091,540)	(355,673,884)	3,384,903,451		

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(2) Changes of major construction in progress (continued)

2024

	Budget	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Source of funding	Percentage of project investment in budget (%)
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	11,650,210,000	621,398,818	233,642,380	(138,682,914)	—	716,358,284	Self-owned funds and bank borrowings	80
Mozambique Nacala Factory Upgrade and Renovation Project	527,643,462	30,160,614	445,880,774	—	—	476,041,388	Self-owned funds and bank borrowings	86
Huangshi Cement Supporting Project	3,744,490,000	328,067,382	135,023,906	(129,610,955)	(84,154,878)	249,325,455	Self-owned funds	57
Huaxin Environmental Engineering Series Project	826,811,342	384,179,550	85,315,149	(314,467,996)	(1,619,601)	153,407,102	Self-owned funds and bank borrowings	N/A
Huaxin Integrated Series Project	1,500,341,300	166,606,258	207,173,426	(152,566,145)	(82,602,016)	138,611,523	Self-owned funds	N/A
Maweni Clinker Phase II Project	883,260,000	763,536,471	154,378,869	(894,670,607)	—	23,244,733	Self-owned funds and bank borrowings	100
Others	N/A	1,215,057,688	1,726,974,212	(925,444,515)	(361,447,591)	1,655,139,794	Self-owned funds and bank borrowings	N/A
Total		3,509,006,781	2,988,388,716	(2,555,443,132)	(529,824,086)	3,412,128,279		

31 December 2025

	Progress of works	Accumulated amount of capitalised interest	Including: capitalised interest for the year	Capitalization rate of interest for the year
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	83%	73,146,223	—	—
Huaxin Environmental Engineering Series Project	N/A	11,486,653	144,472	3.30%
Total		84,632,876	144,472	

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(2) Changes of major construction in progress (continued)

31 December 2024

	Progress of works	Accumulated amount of capitalised interest	Including: capitalised interest for the year	Capitalization rate of interest for the year
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	80%	73,146,224	1,039,556	3.51%
Huaxin Environmental Engineering Series Project	N/A	<u>10,061,725</u>	<u>5,428,222</u>	3.65%
Total		<u>83,207,949</u>	<u>6,467,778</u>	

(3) Provision for impairment of construction in progress

31 December 2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance	Reason for the provision
Project 1	—	18,755,905	—	18,755,905	Work discontinued caused by relocation
Project 2	899,358	—	—	899,358	Performance not meeting expectations
Project 3	6,421,942	—	—	6,421,942	Failure in planning stage
Project 4	1,281,870	—	—	1,281,870	Performance not meeting expectations
Total	<u>8,603,170</u>	<u>18,755,905</u>	<u>—</u>	<u>27,359,075</u>	

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Construction in progress (continued)

(3) Provision for impairment of construction in progress (continued)

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance	Reason for the provision
Project 1	1,520,583	469,670	(1,990,253)	—	Work discontinued caused by relocation
Project 2	5,473,353	—	(5,473,353)	—	Failure in planning stage
Project 3	1,892,993	—	(1,892,993)	—	Failure in obtaining the safe production permit
Project 4	485,436	—	(485,436)	—	Failure in planning stage
Project 5	901,081	—	(901,081)	—	Performance not meeting expectations
Project 6	—	899,358	—	899,358	Performance not meeting expectations
Project 7	—	6,421,942	—	6,421,942	Failure in planning stage
Project 8	—	1,281,870	—	1,281,870	Performance not meeting expectations
Total	10,273,446	9,072,840	(10,743,116)	8,603,170	

Construction materials

	31 December 2025			31 December 2024		
	Balance of carrying amount	Provision for impairment	Carrying value	Balance of carrying amount	Provision for impairment	Carrying value
Special equipment	72,457,245	—	72,457,245	118,623,991	—	118,623,991
Total	72,457,245	—	72,457,245	118,623,991	—	118,623,991

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Right-of-use assets

31 December 2025

	Land use right	Buildings and related facilities	Machinery	Vehicles	Total
Cost					
Opening balance	684,775,884	636,084,029	793,663,694	25,246,209	2,139,769,816
Newly leased in	260,436,336	34,639,026	49,523,976	328,850	344,928,188
Business combination not under common control	2,062,595	7,321,373	300,283	12,498,858	22,183,109
Decrease	(77,066,584)	(142,297,394)	(156,945,355)	(32,653,497)	(408,962,830)
Closing balance	<u>870,208,231</u>	<u>535,747,034</u>	<u>686,542,598</u>	<u>5,420,420</u>	<u>2,097,918,283</u>
Accumulated depreciation					
Opening balance	219,860,483	197,848,022	203,676,471	3,678,979	625,063,955
Depreciation provided during the year	110,430,906	85,357,437	103,561,194	281,504	299,631,041
Business combination not under common control	—	—	—	—	—
Decrease	(12,613,784)	(43,402,892)	(29,896,998)	(3,308,466)	(89,222,140)
Closing balance	<u>317,677,605</u>	<u>239,802,567</u>	<u>277,340,667</u>	<u>652,017</u>	<u>835,472,856</u>
Carrying amount					
At end of year	<u>552,530,626</u>	<u>295,944,467</u>	<u>409,201,931</u>	<u>4,768,403</u>	<u>1,262,445,427</u>
At beginning of year	<u>464,915,401</u>	<u>438,236,007</u>	<u>589,987,223</u>	<u>21,567,230</u>	<u>1,514,705,861</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Right-of-use assets (continued)

31 December 2024

	Land use right	Buildings and related facilities	Machinery	Vehicles	Total
Cost					
Opening balance	763,001,547	569,842,287	702,664,992	25,246,209	2,060,755,035
Addition	112,073,473	154,059,159	163,692,412	—	429,825,044
Disposals	(190,299,136)	(87,817,417)	(72,693,710)	—	(350,810,263)
Closing balance	<u>684,775,884</u>	<u>636,084,029</u>	<u>793,663,694</u>	<u>25,246,209</u>	<u>2,139,769,816</u>
Accumulated depreciation					
Opening balance	158,729,330	118,647,788	102,373,985	296,475	380,047,578
Depreciation provided during the year	112,413,236	95,259,643	106,999,233	3,382,504	318,054,616
Decrease	(51,282,083)	(16,059,409)	(5,696,747)	—	(73,038,239)
Closing balance	<u>219,860,483</u>	<u>197,848,022</u>	<u>203,676,471</u>	<u>3,678,979</u>	<u>625,063,955</u>
Carrying amount					
At end of year	<u>464,915,401</u>	<u>438,236,007</u>	<u>589,987,223</u>	<u>21,567,230</u>	<u>1,514,705,861</u>
At beginning of year	<u>604,272,217</u>	<u>451,194,499</u>	<u>600,291,007</u>	<u>24,949,734</u>	<u>1,680,707,457</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible assets

31 December 2025

	Land use rights	Mining rights	Mine restoration fees	Concession rights	Software use rights and others	Total
Cost						
Opening balance	3,841,882,360	13,957,140,074	975,893,723	210,002,434	314,068,217	19,298,986,808
Purchases	3,318,723	24,169,238	288,868,227	21,353,438	19,621,527	357,331,153
Transferred from						
construction in progress	85,234,928	65,368,484	—	2,686,393	12,433,931	165,723,736
Business combination not under common control	519,430,477	1,321,181,445	9,996,646	—	123,777	1,850,732,345
Disposals	(16,615,697)	(18,803,335)	(30,550,017)	—	(1,614,528)	(67,583,577)
Exchange differences on foreign currency translation	8,853,305	25,363,293	19,136	—	186,833	34,422,567
Closing balance	4,442,104,096	15,374,419,199	1,244,227,715	234,042,265	344,819,757	21,639,613,032
Accumulated amortization						
Opening balance	756,318,643	2,811,743,274	244,060,422	94,726,962	260,249,802	4,167,099,103
Amortisation provided during the year	93,707,013	465,829,253	50,866,796	30,841,789	41,587,858	682,832,709
Disposals	(6,309,291)	(17,252,914)	(15,319,696)	—	(257,650)	(39,139,551)
Exchange differences on foreign currency translation	118,594	3,368,549	—	—	119,800	3,606,943
Closing balance	843,834,959	3,263,688,162	279,607,522	125,568,751	301,699,810	4,814,399,204
Provision for impairment						
Opening and Closing balance	6,421,519	24,913,690	—	—	20,531,969	51,867,178
Carrying amount						
At end of the year	3,591,847,618	12,085,817,347	964,620,193	108,473,514	22,587,978	16,773,346,650
At beginning of the year	3,079,142,198	11,120,483,110	731,833,301	115,275,472	33,286,446	15,080,020,527

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible assets (continued)

31 December 2024

	Land use rights	Mining rights	Mine restoration fees	Concession rights	Software use rights and others	Total
Cost						
Opening balance	3,735,925,458	13,274,521,414	891,734,799	174,185,903	310,531,753	18,386,899,327
Purchases	75,924,915	554,098,007	84,154,662	13,415,044	3,123,674	730,716,302
Transferred from construction in progress	83,376,076	295,047,048	—	22,401,487	1,504,622	402,329,233
Disposals	(60,368,879)	(171,127,268)	—	—	(1,316,835)	(232,812,982)
Exchange differences on foreign currency translation	7,024,790	4,600,873	4,262	—	225,003	11,854,928
Closing balance	<u>3,841,882,360</u>	<u>13,957,140,074</u>	<u>975,893,723</u>	<u>210,002,434</u>	<u>314,068,217</u>	<u>19,298,986,808</u>
Accumulated amortization						
Opening balance	686,557,389	2,096,681,421	203,437,898	81,152,210	249,895,870	3,317,724,788
Amortisation provided during the year	102,842,833	735,037,017	40,622,524	13,574,752	11,530,395	903,607,521
Disposals	(36,226,788)	(23,833,475)	—	—	(1,298,217)	(61,358,480)
Exchange differences on foreign currency translation	3,145,209	3,858,311	—	—	121,754	7,125,274
Closing balance	<u>756,318,643</u>	<u>2,811,743,274</u>	<u>244,060,422</u>	<u>94,726,962</u>	<u>260,249,802</u>	<u>4,167,099,103</u>
Provision for impairment						
Opening balance	6,421,519	23,524,969	—	—	20,531,969	50,478,457
Impairment	—	1,388,721	—	—	—	1,388,721
Closing balance	<u>6,421,519</u>	<u>24,913,690</u>	<u>—</u>	<u>—</u>	<u>20,531,969</u>	<u>51,867,178</u>
Carrying amount						
At end of the year	<u>3,079,142,198</u>	<u>11,120,483,110</u>	<u>731,833,301</u>	<u>115,275,472</u>	<u>33,286,446</u>	<u>15,080,020,527</u>
At beginning of the year	<u>3,042,946,550</u>	<u>11,154,315,024</u>	<u>688,296,901</u>	<u>93,033,693</u>	<u>40,103,914</u>	<u>15,018,696,082</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Goodwill

(1) Carrying amount of goodwill

31 December 2025

	Opening balance	Increase		Closing balance
		Business combinations	Exchange rate adjustment	
Huaxin Cement (Daye) Co., LTD	189,057,605	—	—	189,057,605
Natal Portland Cement Company (Pty) Ltd.	567,704,407	—	57,674,528	625,378,935
Cambodian Cement Chakrey Ting Factory Co., LTD	125,767,908	—	(3,266,593)	122,501,315
Huaxin Jinlong Cement (Yunxian) Co., LTD	101,685,698	—	—	101,685,698
CHILANGA Cement PLC	87,794,908	—	12,952,944	100,747,852
Hainan Xinhongda Building Materials Co., LTD	79,313,263	—	—	79,313,263
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	—	69,557,768
Yuzhno-Kyrgyzskiy Cement CJSC	59,573,587	—	(2,333,446)	57,240,141
Huaxin Cement (Ezhou) Co., LTD	21,492,135	—	—	21,492,135
Hainan Huaxin Dacheng Fuli Concrete Co., LTD	16,533,093	—	—	16,533,093
Hainan Huaxin Fuli Concrete Co., LTD	21,944,066	—	—	21,944,066
Yueyang Yonggu Concrete Co., LTD	8,119,042	—	—	8,119,042
Hainan Huaxin Ronghui Concrete Co., LTD	5,809,669	—	—	5,809,669
Huaxin Concrete (Ezhou Huarong) Co., LTD	25,017,823	—	—	25,017,823
Lafarge Africa Plc (Nigeria) (Note VII.1)	—	2,411,730,359	87,232,801	2,498,963,160
EMBU S.A. ENGENHARIA E COMÉRCIO (Note VII.1)	—	567,866,699	5,067,846	572,934,545
Hainan Huaxin Zhengchuan Concrete Co., Ltd.	—	8,057,376	—	8,057,376
Total	1,379,370,972	2,987,654,434	157,328,080	4,524,353,486

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Goodwill (continued)

(1) Carrying amount of goodwill (continued)

31 December 2024

	Opening balance	Increase		Closing balance
		Business combinations	Exchange rate adjustment	
Huaxin Cement (Daye) Co., LTD	189,057,605	—	—	189,057,605
Natal Portland Cement Company (Pty) Ltd.	567,704,407	—	—	567,704,407
Cambodian Cement Chakrey Ting Factory Co., LTD	125,767,908	—	—	125,767,908
Huaxin Jinlong Cement (Yunxian) Co., LTD	101,685,698	—	—	101,685,698
CHILANGA Cement PLC	87,794,908	—	—	87,794,908
Hainan Xinhongda Building Materials Co., LTD	79,313,263	—	—	79,313,263
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	—	69,557,768
Yuzhno-Kyrgyzskiy Cement CJSC	59,573,587	—	—	59,573,587
Huaxin Cement (Ezhou) Co., LTD	21,492,135	—	—	21,492,135
Hainan Huaxin Dacheng Fuli Concrete Co., LTD	16,533,093	—	—	16,533,093
Hainan Huaxin Ful Concrete Co., LTD	21,944,066	—	—	21,944,066
Yueyang Yonggu Concrete Co., LTD	8,119,042	—	—	8,119,042
Hainan Huaxin Ronghui Concrete Co., LTD	5,809,669	—	—	5,809,669
Huaxin Concrete (Ezhou Huarong) Co., LTD	—	25,017,823	—	25,017,823
Total	1,354,353,149	25,017,823	—	1,379,370,972

(2) The movements in provision for impairment of goodwill

31 December 2025

	Opening balance	Increase		Closing balance
			Provision	
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	—	69,557,768
Huaxin Cement (Ezhou) Co., LTD	21,492,135	—	—	21,492,135
Hainan Xinhongda Building Materials Co., LTD	79,313,263	—	—	79,313,263
Total	170,363,166	—	—	170,363,166

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Goodwill (continued)

(2) The movements in provision for impairment of goodwill (continued)

31 December 2024

	Opening balance	Increase Provision	Closing balance
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	—	69,557,768
Huaxin Cement (Ezhou) Co., LTD	21,492,135	—	21,492,135
Hainan Xinhongda Building Materials Co., LTD	79,313,263	—	79,313,263
Total	170,363,166	—	170,363,166

The cash-generating units containing goodwill above are constituted by each subsidiary and the cash flow generated is basically independent of other asset groups. There have been no changes in the cash-generating units containing goodwill this year.

The recoverable amount was determined based on the higher of the net amount of the fair value of the assets group less costs to sell and the present value of the estimated future cash flows of the asset group.

The estimated future cash flows of the asset group are based on the five-year financial budget approved by the management at a discount rate of 13%–29% before tax (2024: 12%–24%). The estimated cash flows of these asset groups beyond five years are determined at a fixed growth rate of 0% (2024: 0%) per annum. Other key assumptions adopted during the evaluation include estimated production capacity, future selling price, growth rate, expected gross profit margin and relevant expenditures of the asset product portfolio, and the above assumptions are based on the previous performance of these asset groups, industry standards and the management's expectations of market development.

18. Long-term prepaid expenses

31 December 2025

	Opening balance	Increase during the year	Amortization during the year	Closing balance
Mine development cost	339,674,840	70,876,868	(26,597,447)	383,954,261
Relocation expenses	519,919,005	73,056,178	(65,305,551)	527,669,632
Others	121,419,655	2,855,193	(16,636,958)	107,637,890
Total	981,013,500	146,788,239	(108,539,956)	1,019,261,783

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Long-term prepaid expenses (continued)

31 December 2024

	Opening balance	Increase during the year	Amortization during the year	Closing balance
Mine development cost	327,976,328	53,807,110	(42,108,598)	339,674,840
Relocation expenses	570,302,628	10,696,823	(61,080,446)	519,919,005
Others	58,492,030	78,117,178	(15,189,553)	121,419,655
Total	956,770,986	142,621,111	(118,378,597)	981,013,500

19. Deferred tax assets/Deferred tax liabilities

(1) Deferred income tax assets not eliminated

	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	765,712,275	194,888,184	589,008,281	145,511,759
Difference between the fair value and the tax cost of identifiable assets of business combination	718,812,251	176,553,591	823,255,876	206,522,016
Temporary differences arising from expense recognition	470,495,891	124,147,499	313,544,740	69,348,327
Unrealized profits of internal transactions	452,497,693	113,124,423	307,948,536	76,987,134
Deductible losses	1,836,754,455	464,615,521	1,125,382,375	279,225,599
Provision for employee's benefits	89,082,617	19,920,998	106,393,210	23,642,890
Changes in fair value of other equity instruments	—	—	105,462,731	26,365,683
Lease	1,316,112,600	303,169,226	1,425,240,203	346,329,182
Provisions for Mine restoration	1,044,082,162	220,701,465	831,541,302	158,610,637
Others	167,302,508	45,087,421	292,722,559	78,397,887
Total	6,860,852,452	1,662,208,328	5,920,499,813	1,410,941,114

The Group's subsidiaries with deductible losses prepare profit forecasts based on the approved budgets to assess the taxable income they can generate before the expiration of the deductible losses, and recognise deferred income tax assets for the deductible losses on the assessment results.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

19. Deferred tax assets/Deferred tax liabilities *(continued)*

(2) Deferred income tax liabilities not eliminated

	31 December 2025		31 December 2024	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Capitalization of interest on borrowings	105,321,756	26,330,439	113,245,421	28,311,355
Changes in fair value of other equity instrument investments	157,510,950	39,377,737	28,262,124	7,065,531
Changes in fair value of other non-current assets	37,123,024	9,280,756	33,993,044	8,498,261
Valuation appreciation on assets in business combination not involving enterprises under common control	4,488,563,308	1,263,518,254	1,705,074,373	393,429,315
Depreciation difference of fixed assets between accounting and tax basis	4,700,677,495	1,215,462,125	2,284,181,594	490,536,258
Lease	1,345,260,440	306,302,145	1,336,568,126	324,966,067
Intangible assets for Mine restoration	910,816,282	193,056,213	709,355,995	142,596,010
Others	1,362,489,532	347,442,287	1,059,732,622	292,020,626
Total	<u>13,107,762,787</u>	<u>3,400,769,956</u>	<u>7,270,413,299</u>	<u>1,687,423,423</u>

(3) Deferred income tax assets and deferred income tax liabilities eliminated

	31 December 2025		31 December 2024	
	Offset Amount	Balance after offset	Offset Amount	Balance after offset
Deferred income tax assets	<u>909,267,559</u>	<u>752,940,769</u>	<u>577,980,834</u>	<u>832,960,280</u>
Deferred income tax liabilities	<u>909,267,559</u>	<u>2,491,502,397</u>	<u>577,980,834</u>	<u>1,109,442,589</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Deferred tax assets/Deferred tax liabilities (continued)

(4) Deductible losses and temporary differences of unrecognised deferred income tax assets

	31 December 2025	31 December 2024
Deductible temporary differences	2,443,177,904	2,349,885,088
Deductible losses	2,300,672,592	1,937,776,451
Total	<u>4,743,850,496</u>	<u>4,287,661,539</u>

(5) The deductible losses that are not recognised as deferred income tax assets will expire in the following years

	31 December 2025	31 December 2024
2025	—	28,350,238
2026	33,621,516	35,330,367
2027	282,640,766	347,272,571
2028	334,798,535	331,311,871
2029	729,029,488	844,261,572
2030	636,860,943	153,626,850
2031	125,215,417	151,645,336
2032	109,422,392	2,129,471
2033	14,478,888	29,879,931
2034	14,516,572	13,968,244
2035	20,088,075	—
Total	<u>2,300,672,592</u>	<u>1,937,776,451</u>

20. Assets with restricted titles or right to use

2025

	Carrying Amount	Carrying Value
Cash and bank balances (Note 1)	1,707,956,330	522,452,105
Fixed assets (Note 2)	5,079,845	5,079,845
Intangible assets (Note 3)	7,637,957	7,637,957
Accounts Receivable (Note 4)	1,000,000	1,000,000
Total	<u>1,721,674,132</u>	<u>536,169,907</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

20. Assets with restricted titles or right to use *(continued)*

2024

	Carrying Amount	Carrying Value
Cash and bank balances (Note 1)	589,962,243	589,962,243
Fixed assets (Note 2)	5,134,693	5,134,693
Intangible assets (Note 3)	5,563,022	5,563,022
Total	<u>600,659,958</u>	<u>600,659,958</u>

Note 1: For restricted cash and bank balances, refer to Note V.60.

Note 2: As at 31 December 2025, the Group obtained short-term borrowings by pledging buildings with a carrying value of RMB5,079,845 (31 December 2024: RMB5,134,693). For details on short-term borrowings, please refer to Note V.21.

Note 3: As at 31 December 2025, the Group obtained short-term borrowings by pledging land use rights with a carrying value of RMB7,637,957 (31 December 2024: RMB5,563,022). For details on short-term borrowings, please refer to Note V.21.

Note 4: As at 31 December 2025, the Group obtained short-term loans with accounts receivable with a book value of RMB1,000,000 (31 December 2024: Nil) as collateral. Please refer to Note V. 21 for the situation of short-term loans.

21. Short-term borrowings

	31 December 2025	31 December 2024
Mortgaged borrowings (Note 1)	10,000,000	10,000,000
Credit borrowings	64,964,152	174,557,055
Guaranteed borrowings (Note 2)	492,970,493	112,250,000
Pledged borrowings (Note 3)	1,000,000	—
Total	<u>568,934,645</u>	<u>296,807,055</u>

Note 1: As of 31 December 2025 and 31 December 2024, details and values of the collateral for the Group's secured borrowings are set out in Note V. 20.

Note 2: As of 31 December 2025 and 31 December 2024, all guaranteed borrowings of the Group are guaranteed by the Group's internal units.

Note 3: As of 31 December 2025, details and values of the pledged assets for the Group's borrowings are set out in Note V. 20.

As at the balance sheet date, the Group had no overdue borrowings.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Notes payable

	31 December 2025	31 December 2024
Bank acceptance bills	<u>653,818,101</u>	<u>675,782,946</u>
Total	<u><u>653,818,101</u></u>	<u><u>675,782,946</u></u>

As at 31 December 2025, there were no outstanding notes payable (As at 31 December 2024: Nil).

23. Accounts payable

Accounts payable are non-interest bearing and shall generally be paid within 30 to 360 days.

	31 December 2025	31 December 2024
Within 1 year (inclusive of 1 year)	6,922,741,339	6,245,643,368
1 to 2 years (inclusive of 2 years)	341,592,120	467,761,605
2 to 3 years (inclusive of 3 years)	271,548,988	466,097,379
Over 3 years	<u>632,318,886</u>	<u>564,523,976</u>
Total	<u><u>8,168,201,333</u></u>	<u><u>7,744,026,328</u></u>

The ageing of accounts payable is calculated from the date of receipt of goods delivered by the suppliers or rendering of services from the suppliers. Accounts payable do not bear interest.

As at 31 December 2025, there were no significant overdue accounts payable (As at 31 December 2024: Nil).

24. Contract liabilities

	31 December 2025	31 December 2024
Advance on sales of goods	<u>1,295,767,010</u>	<u>715,946,303</u>
Total	<u><u>1,295,767,010</u></u>	<u><u>715,946,303</u></u>

As at 31 December 2025, there was no significant contract liability aged over one year (as at 31 December 2024: Nil).

In general, after the Group receives advance payments for services and goods from customers, it usually fulfils its performance obligations and recognises revenue within 3 months.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. Employee benefits payable

(1) *Employee benefits payable*

31 December 2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term remunerations	263,035,879	2,597,360,242	2,584,954,061	275,442,060
Post-employment benefits (defined contribution plan)	2,198,939	276,938,837	275,528,979	3,608,797
Other benefits due within 1 year	15,657,491	29,627,858	29,671,538	15,613,811
Total	280,892,309	2,903,926,937	2,890,154,578	294,664,668

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Short-term remunerations	298,288,849	2,595,712,329	2,630,965,299	263,035,879
Post-employment benefits (defined contribution plan)	4,496,785	246,983,668	249,281,514	2,198,939
Other benefits due within 1 year	23,030,525	17,590,447	24,963,481	15,657,491
Total	325,816,159	2,860,286,444	2,905,210,294	280,892,309

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Employee benefits payable (continued)

(2) Short-term remuneration

31 December 2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	192,976,846	2,045,164,678	2,008,084,548	230,056,976
Staff welfare	36,394,304	212,025,028	235,990,546	12,428,786
Social insurance	2,785,871	168,011,374	165,524,838	5,272,407
Including: Medical insurance	2,259,383	150,555,578	151,139,557	1,675,404
Work injury insurance	339,747	16,837,470	13,823,502	3,353,715
Maternity insurance	186,741	618,326	561,779	243,288
Housing funds	193,135	139,823,667	139,409,042	607,760
Union fund and employee education fund	30,685,723	32,335,495	35,945,087	27,076,131
Total	263,035,879	2,597,360,242	2,584,954,061	275,442,060

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Salaries, bonuses, allowances and subsidies	256,997,485	1,999,014,963	2,063,035,602	192,976,846
Staff welfare	3,497,912	261,090,556	228,194,164	36,394,304
Social insurance	10,278,199	150,396,583	157,888,911	2,785,871
Including: Medical insurance	9,804,213	135,503,241	143,048,071	2,259,383
Work injury insurance	324,930	14,255,174	14,240,357	339,747
Maternity insurance	149,056	638,168	600,483	186,741
Housing funds	540,876	142,031,366	142,379,107	193,135
Union fund and employee education fund	26,974,377	43,178,861	39,467,515	30,685,723
Total	298,288,849	2,595,712,329	2,630,965,299	263,035,879

As at the balance sheet date, there was no employee benefits payable in arrears.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. Employee benefits payable *(continued)*

(3) Defined contribution plan

31 December 2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension	1,731,824	264,582,341	263,208,331	3,105,834
Unemployment insurance	467,115	12,356,496	12,320,648	502,963
Total	<u>2,198,939</u>	<u>276,938,837</u>	<u>275,528,979</u>	<u>3,608,797</u>

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Basic pension	4,032,532	237,444,800	239,745,508	1,731,824
Unemployment insurance	464,253	9,538,868	9,536,006	467,115
Total	<u>4,496,785</u>	<u>246,983,668</u>	<u>249,281,514</u>	<u>2,198,939</u>

The Group participates, as required, in the pension insurance and unemployment insurance plans established by the government authorities in the location of the Group's subsidiaries. According to the requirements of these plans, the Group makes monthly contributions to these plans. Apart from the above monthly contributions, the Group has no further payment obligations. The corresponding expenses are recognised in profit or loss for the period or in the cost of the related assets when incurred.

26. Tax payable

	31 December 2025	31 December 2024
VAT	167,495,712	179,442,886
Corporate income tax	918,948,197	426,100,850
Individual income tax	22,475,837	1,230,459
Resources tax	41,730,354	38,125,599
Environmental protection tax	21,213,278	20,326,675
Others	<u>134,496,757</u>	<u>90,518,073</u>
Total	<u>1,306,360,135</u>	<u>755,744,542</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Other accounts payable

	31 December 2025	31 December 2024
Interests payable	74,805,644	48,543,388
Dividends payable	47,332,036	36,835,493
Other payables	<u>1,036,944,324</u>	<u>926,108,538</u>
Total	<u>1,159,082,004</u>	<u>1,011,487,419</u>
Interests payable		
Interests of corporate bonds	57,691,483	28,848,781
Interests on borrowings	<u>17,114,161</u>	<u>19,694,607</u>
Total	<u>74,805,644</u>	<u>48,543,388</u>
Dividends payable		
Dividends on ordinary share	25,033,549	23,408,183
Dividends on non-controlling shareholders — CHILANGA Cement PLC	<u>22,298,487</u>	<u>13,427,310</u>
	<u>47,332,036</u>	<u>36,835,493</u>
Other payables		
Deposits	474,021,281	422,856,081
Non-controlling shareholders' borrowings and others	190,642,617	191,475,403
Payables for equity acquisition and others	103,462,234	104,462,234
Amounts collected on behalf and temporary receipts	36,674,159	9,098,117
Government borrowings	5,000,000	5,000,000
Others	<u>227,144,033</u>	<u>193,216,703</u>
	<u>1,036,944,324</u>	<u>926,108,538</u>
Total	<u>1,159,082,004</u>	<u>1,011,487,419</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. Other accounts payable *(continued)*

Other payables

(1) *Significant other payables of the Group ageing over one year*

31 December 2025

	Closing balance	Reasons for non-repayment
Non-controlling shareholders' borrowings and others	187,877,497	No agreed repayment time
Payables for equity acquisition and others	103,462,234	Payment conditions not met
Total	<u>291,339,731</u>	

31 December 2024

	Closing balance	Reasons for non-repayment
Non-controlling shareholders' borrowings and others	189,641,456	No agreed repayment time
Payables for equity acquisition and others	103,462,234	Payment conditions not met
Total	<u>293,103,690</u>	

28. Non-current liabilities due within one year

	31 December 2025	31 December 2024
Bonds payable due within one year (Note:V.30)	798,862,072	2,547,073,585
Long-term borrowings due within one year (Note:V.29)	3,575,633,591	3,092,145,165
Long-term payables due within one year (Note:V.32)	759,051,495	637,661,438
Lease liabilities due within one year (Note:V.31)	298,829,365	342,164,056
Total	<u>5,432,376,523</u>	<u>6,619,044,244</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Long-term borrowings

	31 December 2025	31 December 2024
Guaranteed borrowings (Note 1)	8,909,446,625	8,591,443,197
Credit borrowings	7,881,441,525	3,969,692,679
Pledged borrowings (Note 2)	—	129,780,000
Less: Long-term borrowings due within one year		
Guaranteed borrowings	1,234,274,168	2,639,427,349
Credit borrowings	2,341,359,423	414,937,816
Pledged borrowings	—	37,780,000
Total	<u>13,215,254,559</u>	<u>9,598,770,711</u>

As at 31 December 2025, the annual interest rates of the borrowings above were 1.25% to 7.82% (31 December 2024: 1.35% to 11.19%).

Note 1: As at 31 December 2025 and 31 December 2024, the guaranteed borrowings of the Group were guaranteed by entities within the Group.

Note 2: As at 31 December 2025, the Group had no pledged borrowings.

As at the balance sheet date, an analysis on maturity of long — term borrowings (including the portion due within one year) is as follows:

	31 December 2025	31 December 2024
Within 1 year	3,575,633,591	3,092,145,165
1–2 years	3,735,087,117	3,412,692,610
2–5 years	7,900,910,642	5,779,719,351
Over 5 years	1,579,256,800	406,358,750
Total	<u>16,790,888,150</u>	<u>12,690,915,876</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Bonds payable

(1) Bonds payable

	31 December 2025	31 December 2024
Company bonds issued in 2022 (Low-carbon transition-linked bonds) (Phase I) (Note 1)	399,148,844	399,823,745
Preference shares of subsidiary (Note 2)	152,286,381	149,725,053
Bonds issued in 2023 (Note 3)	—	799,354,497
Bonds issued in 2024 (Note 4)	1,098,358,415	1,096,841,740
Issuance of corporate bonds (high growth industrial bonds) in 2025 (Note 5)	1,098,271,652	—
Company bonds issued in 2025 (Science and Technology Innovation Corporate Bond) (Phase I) (Note 6)	998,928,773	—
Company bonds issued in 2025 (Science and Technology Innovation Corporate Bond) (Phase II) (Note 7)	1,496,959,938	—
Total	5,243,954,003	2,445,745,035

Note 1 According to the approval document No. [2628] issued by the China Securities Regulatory Commission, the Group issued RMB400 million corporate bonds linked to low-carbon transition on 19 July 2022, with a term of 5 years. The coupon rate for the first four years is fixed at 3.39%, and the coupon rate for the fifth year will be determined based on the evaluation results of the low-carbon transition targets. It is linked with the Company's preset key performance indicators and the completion of low-carbon transition performance targets. The bonds' interest are calculated on a simple interest basis, with interest payable once a year, and principal repayable in a lump sum at maturity, with a term of five years.

Note 2 In August 2021, the Group's subsidiary, Huaxin Hong Kong (Tanzania) Investment Co., Ltd. ("Huaxin Hong Kong"), entered into a subscription agreement for preferred shares with China-Africa Development Fund Co., Ltd. According to this, Huaxin Hong Kong issued 19.25 million preferred shares to the China-Africa Development Fund at a price of USD 1 per share, with a total cash consideration of USD19.25 million. In August 2021, the Series Preferred Stock was fully issued and paid-in. The Company's management accounts for these preferred shares as financial liabilities and measures them at fair value.

Note 3 According to the approval document No. [2023] 1069 issued by the China Securities Regulatory Commission, the Group issued RMB800 million "Belt and Road" technology innovation corporate bonds (Phase I) on 5 December 2023, with a coupon rate of 3.12%. The bonds' interest are calculated on a simple interest basis, with interest payable once a year, and principal repayable in a lump sum at maturity, with a term of three years.

Note 4 According to the approval document No. [2023] 1069 issued by the China Securities Regulatory Commission, the Group issued technology innovation corporate bonds (Phase I) with a total amount of RMB1.1 billion on 14 August 2024, with a coupon rate of 2.49%. The bonds' interest are calculated on a simple interest basis, with interest payable once a year, and principal repayable in a lump sum at maturity, with a term of five years.

Note 5 As approved by China Securities Regulatory Commission Licence [2023] No. 1069, the Group issued a total of 1.1 billion RMB "Belt and Road" Technology Innovation Corporate Bonds (High-Growth Industry Bonds) (Phase I) on 13 January 2025, with a coupon rate of 2.14%. The bonds' interest are calculated on a simple interest basis, with interest payable annually, and the principal repayable in a lump sum at maturity, with a term of five years.

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Bonds payable (continued)

(1) Bonds payable (continued)

Note 6 As approved by the China Interbank Market Dealers Association Market Association Notice [2025] MTN606, the Group issued the first tranche of Technology Innovation Bonds totalling 1 billion RMB on 14 July 2025, with a coupon rate of 2.08%. The bonds calculate interest on a simple interest basis, with interest payable annually, and the principal repayable in one lump sum at maturity, with a term of five years.

Note 7 As approved by China Securities Regulatory Commission License [2025] No. 1398, the Group issued 1.5 billion RMB Technology Innovation Corporate Bonds (Phase II) on 22 October 2025, with a coupon rate of 1.99%. The bonds calculate interest on a simple interest basis, with interest payable annually, and the principal repayable in one lump sum at maturity, with a term of three years.

(2) Changes in bonds payable

As at 31 December, 2025, the balance of bonds payable is as follows:

Bond Name	Par value	Coupon rate (%)	Issue date	Term	Issuance amount	Opening balance	Issuance amount during the year	Amortization of discount premium during the year	Repayment during the year	Gains and losses from currency	Reclassified due within one year	Closing balance	Balance of interests payable
2022 Issuance of Corporate Bonds (Low Carbon Transition Linked Bonds) in 2022 (Phase I) Variety II	100	3.39%	2022/7/19	5 years	400,000,000	399,823,745	—	(674,901)	—	—	—	399,148,844	6,064,333
Public Offering of "Belt and Road" Science and Technology Innovation Corporate Bonds for Professional Investors in 2023 (First Issue)	100	3.12%	2023/12/5	3 years	800,000,000	799,354,497	—	(492,425)	—	—	798,862,072	—	1,802,667
Public Offering of Science and Technology Innovation Corporate Bonds for Professional Investors in 2024 (First Issue)	100	2.49%	2024/8/14	5 years	1,100,000,000	1,096,841,740	—	1,516,675	—	—	—	1,098,358,415	10,271,250
Issuance of corporate bonds (high growth industrial bonds) in 2025	100	2.14%	2025/1/13	5 years	1,100,000,000	—	1,100,000,000	(1,728,348)	—	—	—	1,098,271,652	21,578,333
2025 Issuance of Corporate Bonds (Science and Technology Innovation Corporate Bond) (Phase I)	100	2.08%	2025/7/14	5 years	1,000,000,000	—	1,000,000,000	(1,071,227)	—	—	—	998,928,773	8,666,667
2025 Issuance of Corporate Bonds (Science and Technology Innovation Corporate Bond) (Phase II)	100	1.99%	2025/10/22	3 years	1,500,000,000	—	1,500,000,000	(3,040,062)	—	—	—	1,496,959,938	5,638,333
Total					5,900,000,000	2,296,019,982	3,600,000,000	(5,490,288)	—	—	798,862,072	5,091,667,622	54,021,583

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Bonds payable (continued)

(2) Changes in bonds payable (continued)

As at 31 December, 2024, the balance of bonds payable is as follows:

Bond Name	Par value	Coupon rate (%)	Issue date	Term	Issuance amount	Opening balance	Issuance amount during the year	Amortization of discount premium	Repayment during the year	Gains and losses from currency	Reclassified due within one year	Closing balance	Balance of interests payable
Issuance of overseas bonds in 2020	100	2.25%	2020/11/19	5 years	1,973,460,000	2,118,883,795	—	3,139,275	106,227,360	31,498,193	2,047,293,903	—	2,201,814
2022 Issuance of Corporate Bonds (Low Carbon Transition Linked Bonds) in 2022 (Phase I) Variety I	100	2.99%	2022/7/19	3 years	500,000,000	499,381,116	—	398,566	—	—	499,779,682	—	7,475,000
2022 Issuance of Corporate Bonds (Low Carbon Transition Linked Bonds) in 2022 (Phase I) Variety II	100	3.39%	2022/7/19	5 years	400,000,000	399,504,893	—	318,852	—	—	—	399,823,745	6,780,000
Public Offering of "Belt and Road" Science and Technology Innovation Corporate Bonds for Professional Investors in 2023 (First Issue)	100	3.12%	2023/12/5	3 years	800,000,000	799,018,899	—	335,598	—	—	—	799,354,497	—
Public Offering of Science and Technology Innovation Corporate Bonds for Professional Investors in 2024 (First Issue)	100	2.49%	2024/8/14	5 years	1,100,000,000	—	1,096,390,560	451,180	—	—	—	1,096,841,740	10,271,250
Total					4,773,460,000	3,816,788,703	1,096,390,560	4,643,471	106,227,360	31,498,193	2,547,073,585	2,296,019,982	26,728,064

(3) Movements in preference shares

As at 31 December 2025, the closing balance of preference shares is listed as follows:

Financial instruments issued	Opening balance		Exchange gains or losses	Fair value gains or loss	Closing balance		Balance of interests payable
	Quantity	Carrying amount	Carrying amount	Carrying amount	Quantity	Carrying amount	
Preference shares of the subsidiary	19,250,000	149,725,053	(3,072,301)	5,633,629	19,250,000	152,286,381	3,669,900
Total	19,250,000	149,725,053	(3,072,301)	5,633,629	19,250,000	152,286,381	3,669,900

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Bonds payable (continued)

(3) Movements in preference shares (continued)

As at 31 December 2024, the closing balance of preference shares is listed as follows:

Financial instruments issued	Opening balance		Exchange gains or losses		Fair value gains or loss		Closing balance		Balance of interests payable
	Quantity	Carrying amount	Carrying amount	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	
Preference shares of the subsidiary	19,250,000	147,690,327	2,034,726	—	19,250,000	149,725,053		2,120,717	
Total	19,250,000	147,690,327	2,034,726	—	19,250,000	149,725,053		2,120,717	

(4) Analysis of maturity of bonds payable due over one year

Items	31 December 2025	31 December 2024
1 to 2 years	399,148,844	799,354,497
2 to 5 years	4,844,805,159	1,646,390,538
Over 5 years	—	—
Total	5,243,954,003	2,445,745,035

31. Lease liabilities

	31 December 2025	31 December 2024
Lease liabilities	1,247,653,732	1,470,795,121
Less: lease liabilities due within one year	298,829,365	342,164,056
Total	948,824,367	1,128,631,065

32. Long-term payables

	31 December 2025	31 December 2024
Long-term payables	1,089,119,472	836,919,326

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

32. Long-term payables *(continued)*

	31 December 2025	31 December 2024
Mining rights paid in instalments	1,064,553,293	1,332,878,585
Finance lease back payable	783,617,674	141,702,179
Less: Mining rights paid by instalments due within one year	436,671,380	574,589,471
Finance lease payable due within 1 year	<u>322,380,115</u>	<u>63,071,967</u>
Total	<u><u>1,089,119,472</u></u>	<u><u>836,919,326</u></u>

Analysis of maturity of long-term payables:

	31 December 2025	31 December 2024
Within 1 year (inclusive of 1 year)	759,051,495	637,661,438
1 to 2 years (inclusive of 2 years)	588,353,603	382,728,954
2 to 5 years (over 2 years and inclusive of 5 years)	495,990,169	432,642,003
Over 5 years	<u>4,775,700</u>	<u>21,548,369</u>
Total	<u><u>1,848,170,967</u></u>	<u><u>1,474,580,764</u></u>

33. Long-term employee benefits payable

	31 December 2025	31 December 2024
Net liabilities of defined benefit plan (Note 1)	74,702,051	73,572,543
Less: Due within one year	<u>15,613,811</u>	<u>15,657,491</u>
Total	<u><u>59,088,240</u></u>	<u><u>57,915,052</u></u>

Note 1: The defined benefit plans of the Group mainly include supplementary allowance benefit plans implemented for certain retired employees and defined benefit pension plans implemented by some overseas companies. These plans are affected by interest rate risk and changes in the expected lifespan of pension beneficiaries.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Provisions

31 December 2025

	Opening balance	Increase during the year	Business combinations not under common control	Decrease during the year	Closing balance
Mine restoration fees (Note 1)	840,267,091	335,501,312	28,284,226	24,205,635	1,179,846,994
Others (Note 2)	76,739,396	7,088,555	59,978,025	2,663,039	141,142,937
Total	917,006,487	342,589,867	88,262,251	26,868,674	1,320,989,931

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Mine restoration fees (Note 1)	756,554,644	121,578,200	37,865,753	840,267,091
Others (Note 2)	35,043,844	41,695,552	—	76,739,396
Total	791,598,488	163,273,752	37,865,753	917,006,487

Note 1: For the Group's subsidiaries involved in mining operations, the estimated restoration costs are recognised based on the future mining restoration expenditures expected in the coming years.

Note 2: Others include the estimated compensation for pending litigations of the Group's subsidiaries, etc.

35. Deferred income

31 December 2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Government grants	251,857,383	20,264,257	21,150,260	250,971,380

31 December 2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Government grants	264,404,822	18,162,210	30,709,649	251,857,383

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Other non-current liabilities

	31 December 2025	31 December 2024
Advance on sales of goods	99,693,000	99,693,000
Total	<u>99,693,000</u>	<u>99,693,000</u>

37. Share capital

2025

	31 December 2025	Increase/ decrease during the year Write off	31 December 2025
Shares subject to lock-up restriction			
RMB ordinary shares	1,344,275,649	—	1,344,275,649
Overseas listed ordinary shares	734,720,000	—	734,720,000
Total	<u>2,078,995,649</u>	<u>—</u>	<u>2,078,995,649</u>

2024

	31 December 2024	Increase/ decrease during the year Write off	31 December 2024
Shares subject to lock-up restriction			
RMB ordinary shares	1,344,275,649	—	1,344,275,649
Overseas listed ordinary shares	734,720,000	—	734,720,000
Total	<u>2,078,995,649</u>	<u>—</u>	<u>2,078,995,649</u>

38. Capital reserve

2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	1,455,752,836	41,536,745	49,169,532	1,448,120,049
Equity incentive	25,506,687	30,837,283	20,076,105	36,267,865
Others	99,222,724	434,586	—	99,657,310
Total	<u>1,580,482,247</u>	<u>72,808,614</u>	<u>69,245,637</u>	<u>1,584,045,224</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Capital reserve (continued)

2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Share premium	1,454,677,266	35,448,810	34,373,240	1,455,752,836
Equity incentive	31,980,699	26,972,339	33,446,351	25,506,687
Others	99,356,887	—	134,163	99,222,724
Total	<u>1,586,014,852</u>	<u>62,421,149</u>	<u>67,953,754</u>	<u>1,580,482,247</u>

A total of 1,572,197 restricted shares granted to employees under the Employee Stock Ownership Plan 2023–2025 were unlocked this year. A total of 725,184 shares in the 2024 plan could not be vested due to reasons such as not meeting performance conditions, and the Company has disposed of these shares in the 2024.

39. Treasury stock

2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Treasury stock for equity incentive plan	<u>64,638,011</u>	<u>62,150,986</u>	<u>28,705,795</u>	<u>98,083,202</u>

2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Treasury stock for equity incentive plan	<u>62,203,991</u>	<u>39,165,400</u>	<u>36,731,380</u>	<u>64,638,011</u>

The Company repurchased 5,571,006 shares and incurred expenditures of RMB62,150,986 for the employee incentive plan in 2025.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Other comprehensive income

Accumulated balance of other comprehensive income attributable to shareholders of the parent company in the consolidated balance sheet:

31 December 2025

	1 January 2025	Increase/ Decrease	31 December 2025
Changes in fair value of investment in other equity instruments	(60,676,056)	175,334,999	114,658,943
Exchange differences on foreign currency translation	(424,215,353)	424,866,105	650,752
Total	(484,891,409)	600,201,104	115,309,695

31 December 2024

	1 January 2024	Increase/ Decrease	31 December 2024
Changes in fair value of investment in other equity instruments	(38,093,676)	(22,582,380)	(60,676,056)
Exchange differences on foreign currency translation	(510,653,249)	86,437,896	(424,215,353)
Total	(548,746,925)	63,855,516	(484,891,409)

Occurrence of other comprehensive income:

31 December 2025

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to non- controlling shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in fair value of investment in other equity instruments	234,711,557	(59,376,558)	175,334,999	—
Other comprehensive income to be reclassified into profit or loss				
Exchange differences on foreign currency translation	482,722,569	—	424,866,105	57,856,464
Total	717,434,126	(59,376,558)	600,201,104	57,856,464

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Other comprehensive income (continued)

31 December 2024

	Amount before tax	Less: Income tax	Attributable to the shareholders of the parent company	Attributable to non- controlling shareholders
Other comprehensive income not allowed to be reclassified to profit or loss				
Changes in fair value of investment in other equity instruments	(30,109,840)	7,527,460	(22,582,380)	—
Other comprehensive income to be reclassified into profit or loss				
Exchange differences on foreign currency translation	113,410,966	—	86,437,896	26,973,070
Total	<u>83,301,126</u>	<u>7,527,460</u>	<u>63,855,516</u>	<u>26,973,070</u>

41. Specialised reserves

2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety cost	<u>51,893,030</u>	<u>515,812,826</u>	<u>507,144,649</u>	<u>60,561,207</u>

2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Production safety cost	<u>63,717,385</u>	<u>333,274,199</u>	<u>345,098,554</u>	<u>51,893,030</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Surplus reserves

2025

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserve	1,048,299,928	—	—	1,048,299,928
Discretionary surplus reserve	63,580,329	—	—	63,580,329
Total	<u>1,111,880,257</u>	<u>—</u>	<u>—</u>	<u>1,111,880,257</u>

2024

	Opening balance	Increase during the year	Decrease during the year	Closing balance
Statutory surplus reserve	1,048,299,928	—	—	1,048,299,928
Discretionary surplus reserve	63,580,329	—	—	63,580,329
Total	<u>1,111,880,257</u>	<u>—</u>	<u>—</u>	<u>1,111,880,257</u>

According to the Company Law and the provisions of the Articles of Association of the Company, the Company shall allocate 10% of its net profit to the statutory surplus reserve. When the accumulated statutory surplus reserve reaches more than 50% of the Company's registered capital, no further allocation is required.

The Company's statutory surplus reserve has accumulated to more than 50% of the registered capital, and no statutory surplus reserve was appropriated in 2025 (2024: none).

43. Retained earnings

	31 December 2025	31 December 2024
Retained earnings as at the beginning of the year	26,017,705,413	24,703,292,620
Net profit attributable to the shareholders of the parent company	2,853,332,040	2,416,280,487
Less: Cash dividends payable	<u>1,662,319,999</u>	<u>1,101,867,694</u>
Retained earnings at the end of the year	<u>27,208,717,454</u>	<u>26,017,705,413</u>

Upon the approval at the 2024 annual general meeting of the Company convened on 28 May 2025, the profit distribution for the year 2024 was calculated based on 2,078,995,649 shares, with the distribution of a cash dividend of RMB0.46 per share (tax inclusive).

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Retained earnings (continued)

Upon deliberation and approval by the fourth extraordinary general meeting of the company in 2025 held on 25th October 2025, a cash dividend of RMB0.34 (tax inclusive) per share was distributed on the basis of 2,078,995,649 shares of the company's total share capital before the implementation of the distribution plan minus 2,578,000 shares in the company's special securities repurchase account.

44. Operating revenue and costs

(1) Operating revenue and costs

	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal operations	35,129,592,241	24,538,666,688	33,977,483,125	25,620,387,195
Other operations	218,687,519	127,592,055	239,864,602	150,134,646
Total	<u>35,348,279,760</u>	<u>24,666,258,743</u>	<u>34,217,347,727</u>	<u>25,770,521,841</u>

In 2025 and 2024, there is no revenue from a single customer exceeding 10% of the Group's revenue.

(2) Disaggregation of revenue from contracts with customers

	2025	2024
Timing of revenue recognition		
At a point in time	34,656,125,681	33,526,111,747
Over time	678,220,282	675,498,303
Operating lease	<u>13,933,797</u>	<u>15,737,677</u>
Total	<u>35,348,279,760</u>	<u>34,217,347,727</u>
Types of major product		
Sales of cement	20,587,005,554	18,030,536,669
Sales of concrete	7,182,634,659	8,415,290,740
Sales of aggregate	5,482,908,118	5,641,834,160
Sales of clinker	698,459,814	760,340,715
Others	1,383,337,818	1,353,607,766
Operating lease	<u>13,933,797</u>	<u>15,737,677</u>
Total	<u>35,348,279,760</u>	<u>34,217,347,727</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

44. Operating revenue and costs *(continued)*

(3) Disaggregation of cost

	2025	2024
Timing of revenue recognition		
At a point in time	24,079,443,668	25,435,001,377
Over time	584,679,390	331,845,574
Operating lease	2,135,685	3,674,890
Total	<u>24,666,258,743</u>	<u>25,770,521,841</u>
Main types of product		
Sales of cement	13,676,267,831	13,747,789,064
Sales of concrete	6,072,491,147	7,403,984,329
Sales of aggregate	3,124,767,646	2,938,072,733
Sales of clinker	644,521,373	652,028,441
Others	1,146,075,061	1,024,972,384
Operating lease	2,135,685	3,674,890
Total	<u>24,666,258,743</u>	<u>25,770,521,841</u>

(4) Performance obligations

The amount of revenue recognised from:

	2025	2024
Carrying amount of contract liabilities at the beginning of the year	665,641,270	585,341,505
Total	<u>665,641,270</u>	<u>585,341,505</u>

Other information:

The business activities of the Group include manufacturing and selling cement, clinker, aggregate, concrete, new building materials and waste disposal etc.

Selling cement and other building materials

Revenue is recognised at a point in time in accordance with the contractual performance obligations, using the transfer of control as the criterion for revenue recognition. The Group settles with its customers on a cash-on-delivery basis and on a cash-on-delivery basis, whereby cash-on-delivery is made on credit to customers in accordance with the customers' credit ratings and credit limits approved by the Group, and the customers make payments in accordance with the agreed-upon billing periods.

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Operating revenue and costs (continued)

(4) Performance obligations (continued)

Service business

Revenue from performance obligations satisfied over time are recognized as revenue over time. The service recipient will periodically settle the service fees. The Group determines the performance progress of providing services based on the actual completed work and recognises sales revenue according to the performance progress.

Information related to the transaction price allocated to the remaining performance obligations:

As of 31 December 2025, the amount of revenue corresponding to contractual obligations that have been committed but not yet fulfilled or not yet fully fulfilled was RMB1,295,767,010, which will be recognized as revenue over the next two years (as of 31 December 2024: RMB715,946,303, which will be recognised as revenue over the next two years).

45. Tax and surcharges

	2025	2024
Excise tax	126,192,634	92,156,594
City maintenance and construction tax	60,693,614	63,683,691
Education surcharges	51,723,253	53,704,073
Resource tax	385,899,879	405,778,916
Property tax	61,157,043	56,734,902
Land-use tax	67,912,026	63,675,415
Environment protection tax	49,884,876	38,886,229
Others	43,301,429	34,864,258
Total	<u>846,764,754</u>	<u>809,484,078</u>

46. Selling expenses

	2025	2024
Consumption of materials	512,834,351	479,106,730
Employee remunerations	491,265,820	408,269,238
Depreciation and amortization expenses	131,012,653	114,099,543
Electric expenses	125,725,763	110,340,595
Repair expenses	47,571,865	44,959,933
Sales expenses	187,445,854	174,121,902
Others	219,379,735	168,842,361
Total	<u>1,715,236,041</u>	<u>1,499,740,302</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Administrative expenses

	2025	2024
Employee remunerations	1,096,897,555	992,225,809
Depreciation and amortization expenses	251,908,298	173,501,655
Agency fees	166,066,397	119,247,279
Office expenses	303,550,327	267,750,918
Environmental protection expenses	113,715,969	70,638,253
Property insurance expenses	21,251,369	26,412,236
Rental expenses	19,312,683	6,996,186
Others	251,000,026	223,249,632
Total	<u>2,223,702,624</u>	<u>1,880,021,968</u>

48. Finance costs

	2025	2024
Interest expenses	750,103,566	736,856,740
Interest expenses on lease liabilities	42,898,212	72,013,406
Less: Interest income	205,350,484	185,025,914
Less: Interest capitalised	144,472	6,467,778
Exchange gains and losses	227,417,358	46,850,085
Others	18,607,313	22,248,685
Total	<u>833,531,493</u>	<u>686,475,224</u>

The capitalisation amount of borrowing costs in 2025 was RMB144,472 (2024: RMB6,467,778).

49. Other gains

	2025	2024
Tax refunds from comprehensive utilization of resources	31,111,140	38,069,946
Amortization of deferred income	20,972,660	25,471,149
Other Government grants related to the daily operation	133,491,499	159,101,864
Total	<u>185,575,299</u>	<u>222,642,959</u>

50. Investment income

	2025	2024
Gains from long-term equity investments under equity method	27,637,802	31,896,732
Investment income from trading of financial assets	(20,516,939)	1,575,339
Investment income from investment in other equity instruments during the holding period	19,385,311	41,073,612
Others	5,597,917	5,329,765
Total	<u>32,104,091</u>	<u>79,875,448</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

51. Gains from changes in fair value

	2025	2024
Held-for-trading financial assets	6,559	—
Other non-current financial assets	2,841,011	11,046,850
Bonds payable	(5,633,629)	—
Total	<u>(2,786,059)</u>	<u>11,046,850</u>

52. Credit impairment losses

	2025	2024
Losses on impairment of account receivables	76,150,950	92,511,942
Losses on impairment of other receivables	2,204,501	(1,266,229)
Total	<u>78,355,451</u>	<u>91,245,713</u>

53. Impairment losses on assets

	2025	2024
Losses on impairment of fixed assets	20,142,942	71,839,523
Losses on impairment of intangible assets	—	1,388,721
Losses on decline in value of inventory	(8,602,603)	(1,567,050)
Losses on impairment of construction in process	18,755,905	9,072,840
Total	<u>30,296,244</u>	<u>80,734,034</u>

54. Gains on disposal of assets

	2025	2024
Gains on disposal of long-term assets	84,842,064	749,842,510
Total	<u>84,842,064</u>	<u>749,842,510</u>

55. Non-operating income

	2025	2024	Recognised in non-recurring profit and loss for 2025
Gains on disposal of fixed assets	1,265,572	1,120,764	1,265,572
Others	16,624,855	28,507,968	16,439,410
Total	<u>17,890,427</u>	<u>29,628,732</u>	<u>17,704,982</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

56. Non-operating expenses

	2025	2024	Recognised in non-recurring profit and loss for 2025
Losses on disposal of fixed assets	5,093,015	8,767,985	5,093,015
Expenses on charity donation	11,336,837	14,591,892	11,336,837
Expenses on compensation	8,453,641	40,000,000	8,453,641
Others	50,416,643	78,149,458	34,736,697
Total	<u>75,300,136</u>	<u>141,509,335</u>	<u>59,620,190</u>

57. Income tax expense

	2025	2024
Current income tax expense	1,131,435,020	1,131,158,909
Deferred income tax expense	280,781,989	27,279,313
Total	<u>1,412,217,009</u>	<u>1,158,438,222</u>

A reconciliation of income tax expense and total profit is set out as follows:

	2025	2024
Profit before tax	4,950,235,931	4,111,907,292
Income tax expense at the rate of 25%	1,237,558,983	1,027,976,823
Effect of different tax rates applicable to subsidiaries	(123,450,712)	(143,822,327)
Effect of non-taxable income	(22,319,279)	(15,345,242)
Expenses non-deductible costs, expenses and losses	42,222,997	26,585,088
Effect of additional deductions for research and development expenses	(15,300,415)	(13,377,727)
Effect of utilization of deductible losses and temporary differences not recognised in previous years	(70,541,879)	(34,986,276)
Effect of deductible temporary difference and deductible losses not recognised	270,487,416	246,022,794
Withholding income tax on expected distribution of retained earnings of overseas subsidiaries	70,687,496	54,857,329
Others	22,872,402	10,527,760
Income tax expense at the effective tax rate of the Group	<u>1,412,217,009</u>	<u>1,158,438,222</u>

Note: Income tax expense in Mainland China is calculated based on profits and tax rates in Mainland China, while income tax expense in other regions is calculated based on the country in which operations are conducted or on profits and tax rates therein.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

57. Income tax expense (continued)

Note: The Group falls within the scope of the Pillar Two model rules. The Group has applied the mandatory exceptions and does not recognise or disclose deferred tax assets and liabilities arising from Pillar Two income tax, and will account for them as current income tax when Pillar Two income tax arises. As of 31 December 2025, in certain jurisdictions where the Group operates, Pillar Two-related legislation has been enacted or substantially enacted and is effective.

Based on the information available regarding the Group's financial performance for the fiscal year 2025, the Group has assessed the potential exposure risks. Nonetheless, the assessment results may not fully represent actual future circumstances. Based on the assessment, the Group expects to benefit from transitional safe harbour treatment in most jurisdictions in which the Group operates. Therefore, the Group does not anticipate significant Pillar Two income tax exposure risks (including current income tax). The Group will continue to monitor the latest developments in Pillar Two legislation and further assess the potential impact on future financial statements as more countries prepare to implement the Pillar Two model rules.

58. Earnings per share

	2025 RMB/share	2024 RMB/share
Basic earnings per share		
Continuing operations	<u>1.37</u>	<u>1.16</u>
Diluted earnings per share		
Continuing operations	<u>1.32</u>	<u>1.13</u>

Basic earnings per share is calculated by taking the net profit for the period attributable to the Company's ordinary shareholders, deducting the estimated cash dividends for restricted stock holders that may be unlocked in the future, and dividing by the weighted average number of ordinary shares outstanding.

The diluted earnings per share is determined by current net profit attributable to the Company's ordinary shareholders, adjusted for dilutive potential ordinary shares.

The denominator of diluted earnings per share is equal to the sum of: the weighted average of the parent company's issued ordinary shares in basic earnings per share; and the weighted average number of additional ordinary shares assuming conversion of dilutive potential common shares into common shares.

In calculating the weighted average number of the additional shares of ordinary stock resulting from conversion of dilutive potential ordinary stock into outstanding ordinary stock, dilutive potential ordinary stock issued in prior periods, assuming conversion at the beginning of the current period; Dilutive potential ordinary stock issued in the current period, assuming conversion on the issue date.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

58. Earnings per share *(continued)*

Basic and diluted earnings per share are calculated as follows:

	2025	2024
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	2,853,332,040	2,416,280,487
Less: Cash dividends expected to be unlocked in the future for holders of restricted stock	5,170,555	1,082,421
	<u>2,848,161,485</u>	<u>2,415,198,066</u>
Add: Cash dividends expected to be unlocked in the future for holders of restricted stock	5,170,555	1,082,421
Less: Dilutive effect of preferred shares of subsidiaries	108,603,263	64,761,040
	<u>2,744,728,777</u>	<u>2,351,519,447</u>
Adjusted net profit attributable to the Company's ordinary shareholders for the period	<u>2,744,728,777</u>	<u>2,351,519,447</u>
Attributed to:		
Continuing operations	<u>2,744,728,777</u>	<u>2,351,519,447</u>
	2025	2024
Shares		
Weighted average number of ordinary shares issued by the Company	2,072,571,683	2,074,905,969
Dilution effect- the weighted average of ordinary shares Restricted stock	2,760,111	1,928,967
	<u>2,075,331,794</u>	<u>2,076,834,936</u>
The adjusted weighted average of ordinary shares issued by the Company	<u>2,075,331,794</u>	<u>2,076,834,936</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

59. Notes to items of statement of cash flows

(1) Cash related to operating activities

	2025	2024
Cash received from other operating activities		
Government grants	157,720,303	177,264,074
Deposit and petty cash received	99,209,925	116,966,548
Interest income	204,851,632	146,488,838
Others	166,432,931	97,881,330
	<u>628,214,791</u>	<u>538,600,790</u>
Total	<u>628,214,791</u>	<u>538,600,790</u>
Cash paid for other operating activities		
Selling and administrative expenses etc. paid	1,492,897,433	1,236,121,368
Petty cash and deposits	99,615,033	227,579,425
Other current accounts	41,437,296	37,405,829
	<u>1,633,949,762</u>	<u>1,501,106,622</u>
Total	<u>1,633,949,762</u>	<u>1,501,106,622</u>

(2) Cash related to investing activities

	2025	2024
Cash received from important investing activities		
Investment in funds	1,040,000,000	1,030,000,000
	<u>1,040,000,000</u>	<u>1,030,000,000</u>
Total	<u>1,040,000,000</u>	<u>1,030,000,000</u>
Cash paid for important investing activities		
Fixed deposit	1,220,648,225	—
Investment in structured deposits and fund products	1,010,000,000	1,060,000,000
Addition in long-term equity investments	450,000	—
	<u>2,231,098,225</u>	<u>1,060,000,000</u>
Total	<u>2,231,098,225</u>	<u>1,060,000,000</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

59. Notes to items of statement of cash flows *(continued)*

(2) Cash related to investing activities (continued)

	2025	2024
Cash received from other investing activities		
Loans and out-of-pocket expenses received	49,700,000	43,600,000
Cash deposit refund for equity acquisition received	180,716,376	—
Total	<u>230,416,376</u>	<u>43,600,000</u>
Cash paid for other investing activities		
Payment of borrowings	—	180,716,376
Total	<u>—</u>	<u>180,716,376</u>

(3) Cash related to financing activities

	2025	2024
Cash received from other financing activities		
After sale finance lease payment and cash deposit received	779,176,275	125,334,080
Receipts of disposing minority interest	63,160,575	7,801,294
Others	31,573,890	3,285,032
Total	<u>873,910,740</u>	<u>136,420,406</u>
Cash paid to other financing activities		
Payment of rental	333,678,895	398,977,082
Payment of purchasing non-controlling shares	2,259,765	5,294,851
Payment of repurchasing shares	62,150,986	39,165,403
Payment of cash borrowed	115,867,723	45,039,896
Total	<u>513,957,369</u>	<u>488,477,232</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

59. Notes to items of statement of cash flows (continued)

(3) Cash related to financing activities (continued)

The movements in liabilities generated from financing activities are as follows:

	Opening balance	Decrease during the current year		Increase during the current year		Non-cash movements
		Closing balance	Cash movements	Cash movements	Non-cash movements	
Short-term borrowings	296,807,055	299,807,055	—	507,776,506	64,158,139	568,934,645
Tax payable	9,434,829	19,217,508	—	—	36,133,510	26,350,831
Other payables	292,592,383	2,949,855,668	38,800,562	—	3,024,505,938	328,442,091
Non-current liabilities due within one year	6,044,454,773	8,670,921,055	—	—	7,622,171,424	4,995,705,142
Long-term borrowings	9,598,770,711	—	6,205,518,604	9,831,769,792	(9,767,340)	13,215,254,559
Bonds payable	2,445,745,035	—	807,424,661	3,600,000,000	5,633,629	5,243,954,003
Lease liabilities	1,128,631,065	—	621,415,264	—	441,608,566	948,824,367
Long-term payable	78,630,212	52,795,755	355,556,390	779,176,275	11,783,217	461,237,559
Total	19,895,066,063	11,992,597,041	8,028,715,481	14,718,722,573	11,196,227,083	25,788,703,197

(4) Significant non-cash activities during the year

	2025	2024
Bank acceptance bills endorsed for payment of goods and services	5,042,449,956	5,023,915,864
Bank acceptance bills endorsed for payment of construction work	1,556,946,700	1,357,591,191

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

60. Supplementary information to the statement of cash flows

(1) *Supplementary information to the statement of cash flows*

Reconciliation of profit to cash flows from operating activities:

	2025	2024
Net profit	3,538,018,922	2,953,469,070
Add: Provision for impairment of assets	30,296,244	80,734,034
Credit impairment losses	78,355,451	91,245,713
Depreciation of fixed assets	2,562,461,414	2,564,912,980
Depreciation of right-of-use assets	299,631,041	318,054,616
Amortisation of intangible assets	682,832,709	903,607,521
Amortisation of long-term amortised expenses	108,539,956	118,378,597
Amortisation of deferred income	(21,150,260)	(30,709,649)
Gain on disposal of fixed assets, intangible assets and other long-term assets	(84,842,064)	(749,842,510)
Loss on retirement of fixed assets	3,827,443	7,647,221
Gain on change in fair value	2,786,059	(11,046,850)
Financial expenses	777,132,536	812,301,102
Investment income	(32,104,091)	(79,875,448)
Decrease/(increase) in deferred income tax assets	20,687,134	(157,446,230)
Increase in deferred income tax liabilities	260,094,855	184,725,543
Decrease in inventory	123,343,038	406,735,725
Increase in operating receivables	(2,108,058,330)	(1,603,680,331)
Increase in operating payables	452,185,609	168,106,129
Net cash flows from operating activities	<u>6,694,037,666</u>	<u>5,977,317,233</u>

Significant non-cash investing and financing activities:

	2025	2024
Bank acceptance bills endorsed for payment of construction work	<u>1,556,946,700</u>	<u>1,357,591,191</u>
Total	<u>1,556,946,700</u>	<u>1,357,591,191</u>

Net change in cash and cash equivalents:

	2025	2024
Balance of cash at the end of the year	6,826,727,134	6,219,040,331
less: Balances of cash equivalents at the beginning of the year	<u>6,219,040,331</u>	<u>5,370,115,985</u>
Net increase in cash and cash equivalents	<u>607,686,803</u>	<u>848,924,346</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

60. Supplementary information to the statement of cash flows (continued)

(2) Information on acquiring subsidiaries and other operating units

Information on acquiring subsidiaries and other operating units

	2025	2024
Cash paid for acquisition of subsidiaries and other operating units	6,829,306,146	40,000,000
Less: Cash and cash equivalents held by subsidiaries and other operating units at acquisition date	1,052,187,466	12,000,000
Cash or cash equivalents paid during previous periods for business combinations occurred in the current year	15,600,000	—
Add: Cash or cash equivalents during the year for business combination occurred in previous years	—	73,791,361
Net cash paid for acquisition of subsidiaries and other business units	<u>5,761,518,680</u>	<u>101,791,361</u>
Include: Net cash paid for acquisition of subsidiaries and other business units	<u>5,761,518,680</u>	<u>101,791,361</u>

(3) Composition of cash and cash equivalents

	2025	2024
Cash	6,826,727,134	6,219,040,331
Including: Cash on hand	1,171,962	1,192,015
Bank deposits on demand	<u>6,825,555,172</u>	<u>6,217,848,316</u>
Balance of cash and cash equivalents at end of the year	<u>6,826,727,134</u>	<u>6,219,040,331</u>

(4) Cash and bank balances not classified as cash and cash equivalents

	2025	2024	Rationale
Fixed deposit	1,185,504,225	—	Fixed deposit
Deposits for acceptance bills and credit note	110,270,991	77,928,509	Guarantees
Deposits for mine restoration	160,653,540	191,781,553	Guarantees
Deposits for letter of guarantee	54,224,061	201,813,666	Guarantees
In-transit fund transfers within the Group between domestic and overseas companies	45,035,688	—	Funds in transit
Other currency funds with restrictions	<u>152,267,825</u>	<u>118,438,515</u>	Guarantees and other restricted funds
Total	<u>1,707,956,330</u>	<u>589,962,243</u>	

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

61. Foreign currency monetary items

Foreign currency” means a currency other than the basic accounting currency of each company within the Group.

	31 December 2025			31 December 2024		
	Original currency	Exchange rate	As RMB	Original currency	Exchange rate	As RMB
Cash and bank balances						
USD	155,124,408	7.0288	1,090,338,439	227,785,004	7.1884	1,637,409,720
CNY	2,904,910	1.0000	2,904,910	4,600,095	1.0000	4,600,095
EUR	336,756	8.2355	2,773,354	9,958,383	7.5257	74,943,801
HKD	762,445	0.9032	688,656	179,117	0.9260	165,870
ZAR	573,478	0.4224	242,260	2,187,232	0.3844	840,794
ZMW	3,787	0.3163	1,198	3,787	0.2630	996
KES	5,245	0.0542	284	5,245	0.0564	296
TZS	49,113	0.0029	141	69,300	0.0031	211
CHF	—	—	—	11	7.9977	85
RUB	182	0.0881	16	182	0.0661	12
SGD	—	—	—	2	5.3214	11
MZN	4,770	0.1093	522	4,770	0.1154	550
Accounts receivable						
USD	5,135,091	7.0288	36,093,528	1,985,899	7.1884	14,275,438
Other receivables						
USD	1,739,394	7.0288	12,225,853	2,068	7.1884	14,863
Accounts payable						
USD	4,867,275	7.0288	34,211,103	10,707,017	7.1884	76,966,320
EUR	557,679	8.2355	4,592,765	610,343	7.5257	4,593,259
CNY	64,671	1.0000	64,671	17,296,430	1.0000	17,296,430
ZAR	8,845,400	0.4224	3,736,651	1,008,461	0.3844	387,663
CHF	—	—	—	82,849	7.9977	662,601
GBP	30,878	9.4346	277,902	—	—	—
Other payables						
CNY	9,398,494	1.0000	9,398,494	7,422,454	1.0000	7,422,454
USD	47,554	7.0288	334,248	45,000	7.1884	323,478
GBP	2,072	9.4346	19,548	—	—	—
EUR	12,768	8.2355	105,151	—	—	—
HKD	14,030,340	0.9032	12,672,484	14,030,340	0.9260	12,992,656
Interest payable						
USD	91,562	7.0288	643,571	1,232,886	7.1884	8,862,477
Bonds payable						
USD	19,772,123	7.0288	138,974,298	19,250,000	7.1884	138,376,700
Non-current Liabilities due within One year						
USD	—	—	—	61,470,000	7.1884	441,870,948
Long-term borrowings						
USD	28,760,000	7.0288	202,148,288	29,180,000	7.1884	209,757,512

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

V. NOTES TO KEY ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

62. Lease

(1) As a lessee

	2025	2024
Interest expense of lease liabilities	42,898,212	72,013,406
Lease expenses recognised in profit or loss under the simplified approach	35,596,618	28,709,299
Total cash outflows for leases	<u>398,707,448</u>	<u>335,807,136</u>

The Group leased land, buildings, machinery, vehicles, and other equipment used in its operations. The lease terms of buildings and machinery are 3 to 8 years. Generally, the Group is restricted from subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

(2) As a lessor

The Group leased out some land, and the lease terms are between 2018 and 2026. As some leases include clauses for extension and termination options and variable lease payments, the residual value risk of the underlying assets is not significant.

Operating leases

The profit or loss relating to operating leases is as follows:

	2025	2024
Rental income	<u>13,933,797</u>	<u>15,737,677</u>

The Group had total future minimum lease receivables (undiscounted) with its tenants falling due as follows:

	2025	2024
Within 1 year (inclusive of 1 year)	1,440,207	7,790,082
1 to 2 years (inclusive of 2 year)	1,180,707	1,425,071
2 to 3 years (inclusive of 3 year)	418,403	—
Total	<u>3,039,317</u>	<u>9,215,153</u>

For fixed assets leased out under operating leases, refer to Note V.13.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VI. RESEARCH AND DEVELOPMENT EXPENSES

1. Research and development expenses by nature

	2025	2024
Material consumption	95,909,756	88,963,997
Employee remuneration and labour costs	109,559,603	109,673,002
Depreciation and amortization expense	4,294,661	13,286,672
Others	47,637,327	28,979,769
Total	257,401,347	240,903,440
Including: Expensed research and development expenditure	246,224,165	238,744,439
Capitalised research and development expenditure	11,177,182	2,159,001

2. Development expenditures of Research and development projects eligible for capitalisation

	Opening balance	Increase during the year Internal development	Decrease during the year Transfer to long-term assets	Closing balance
Project 1	36,856,342	3,854,348	—	40,710,690
Project 2	21,919,399	—	19,205,726	2,713,673
Project 3	2,159,001	7,322,834	—	9,481,835
Total	60,934,742	11,177,182	19,205,726	52,906,198

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combination not involving entities under common control

The major corporate mergers of the Group that occurred in 2025 are as follows:

Point of equity acquired	acquired Cost of equity acquired	Percentage of equity acquired (%)	Methods of equity acquisition	Acquisition date	Basis for determining the acquisition date	Operating	Net cash flows	
						income of the subsidiary purchased from the acquisition date to the end of the year	of the subsidiary purchased from the acquisition date to the end of the year	of the subsidiary purchased from the acquisition date to the end of the year
EMBU S.A.								
ENGENHARIA								
E COMÉRCIO	2025/3 USD 175,347,786	100	Purchase	2025/3	Transfer control	360,870,541	58,671,593	77,578,398
Lafarge Africa Plc	2025/8 USD 773,860,707	83.81	Purchase	2025/8	Transfer control	1,805,426,738	429,816,876	1,856,182,663

1. Business combination not involving entities under common control- EMBU S.A. ENGENHARIA E COMÉRCIO

	17 March 2025 Fair value	17 March 2025 Carrying amount
Cash and bank balances	45,834,670	45,834,670
Accounts receivable	40,470,652	40,470,652
Inventories	47,691,423	47,691,423
Fixed assets	198,556,211	131,785,942
Intangible assets	773,873,516	321,747,179
Right-of-use assets	1,012,782	1,012,782
Other assets	1,797,073	1,797,073
Short-term borrowings	64,158,138	64,158,138
Employee benefits payable	17,110,906	17,110,906
Accounts payable	23,871,111	23,871,111
Taxes payable	29,748,553	29,748,553
Deferred tax liabilities	271,899,418	86,752,380
Other liabilities	13,185,689	13,185,689
Net assets acquired	<u>689,262,512</u>	<u>355,512,944</u>
Goodwill on acquisition	<u>567,866,699</u>	
Cost of the combination	<u>1,257,129,211</u>	Note 1

Note 1: The merger consideration paid by the Group to acquire the 100% equity of EMBU S.A. ENGENHARIA E COMÉRCIO was USD175,347,786 in cash.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION *(continued)*

1. Business combination not involving entities under common control- Lafarge Africa Plc

	31 August 2025 Fair value	31 August 2025 Carrying amount
Cash and bank balances	1,063,310,150	1,063,310,150
Inventories	534,855,736	534,855,736
Accounts receivable	41,566,060	41,566,060
Fixed assets	2,154,921,688	1,523,514,324
Intangible assets	1,076,858,829	53,825,626
Construction in progress	250,700,130	250,700,130
Prepayments	146,088,088	146,088,088
Other assets	952,996,775	952,996,775
Accounts payable	561,665,511	561,665,511
Other payables	163,502,753	163,502,753
Contract liabilities	355,552,377	355,552,377
Taxes and surcharges payable	469,877,775	469,877,775
Deferred tax liabilities	848,803,849	277,927,460
Other liabilities	60,338,049	60,338,049
Non-controlling interests	620,490,573	432,992,824
Net assets acquired	<u>3,141,066,569</u>	<u>2,245,000,140</u>
Goodwill on acquisition	<u>2,411,730,359</u>	Note 1
Cost of the combination	<u>5,552,796,928</u>	Note 2

Note 1: As of the date of approval of these financial statements, the fair value assessment of the acquired assets such as inventories, buildings, and land use rights has not been completed. Therefore, the fair value of the related identifiable assets and the amount of goodwill can only be determined temporarily. If adjustments are made to the temporarily determined values before 31 August 2026 (12 months after the acquisition date), they are considered to be recognised and measured on the acquisition date.

Note 2: The aggregate purchase price paid by the Group to acquire an 83.81% equity interest in Lafarge Africa Plc was USD773,860,707 in cash.

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION (continued)

2. Deregistration of a subsidiary

The Group deregistered 8 subsidiaries during the year. Information of the subsidiary is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Huaxin (Zhuzhou) New Material Technology Co., Ltd.	100%	Deregistration
Changsha Huaxin Concrete Co., Ltd.	100%	Deregistration
Tianjin Baihuitong Supply Chain Technology Co., Ltd.	100%	Deregistration
Yanshan County Dahonghe Cement Co., Ltd.	100%	Deregistration
Huaxin New Building Materials (Chibi) Co., LTD	100%	Deregistration
Huaxin New Building Materials (Wuding) Co., LTD	100%	Deregistration
Stone Group LLC	100%	Deregistration
Chongqing Huaxin New Building Materials Co., Ltd.	100%	Deregistration

3. Establishment of new subsidiaries

	Acquired method
Huaxin (Hainan) New Building Materials Engineering Co., Ltd.	Establishment
Huaxin Supply Chain (Wuhan) Co., Ltd.	Establishment
Hubei Longxin Industry and Trade Co., Ltd	Establishment

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Information of the Company's major subsidiaries

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Subsidiaries acquired through establishment or investment, etc.							
Huaxin Cement (Yangxin) Co., LTD	Yangxin	Yangxin	Manufacture and sale of building materials	Limited Liability Company ("LLC")	50,000	100	—
Huaxin Cement (Wuxue) Co., LTD	Wuxue	Wuxue	Manufacture and sale of building materials	LLC	30,000	100	—
Huaxin Cement (Chibi) Co., LTD	Chibi	Chibi	Manufacture and sale of building materials	LLC	14,000	100	—
Huaxin Cement (Yichang) Co., LTD	Yichang	Yichang	Manufacture and sale of building materials	LLC	15,000	100	—
Huaxin Cement (Xiangyang) Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of building materials	LLC	14,000	100	—
Huaxin Cement (Enshi) Co., LTD	Enshi	Enshi	Manufacture and sale of building materials	LLC	6,000	67	33
Huaxin Cement (Zhaotong) Co., LTD	Zhaotong	Zhaotong	Manufacture and sale of building materials	LLC	10,000	60	40
Huaxin Cement (Tibet) Co., LTD	Tibet	Tibet	Manufacture and sale of building materials	LLC	5,000	79	—
Huaxin Cement (Wuhan) Co., LTD	Wuhan	Wuhan	Manufacture and sale of building materials	LLC	6,000	70	30
Wuhan WISCO Huaxin Cement Co., LTD.	Wuhan	Wuhan	Manufacture and sale of building materials	LLC	4,000	50	—
Huaxin Cement (Xiantao) Co., LTD	Xiantao	Xiantao	Manufacture and sale of building materials	LLC	2,390	80	—
Huaxin Cement (Yueyang) Co., LTD	Yueyang	Yueyang	Manufacture and sale of building materials	LLC	8,700	68	32
Huaxin Concrete (Wuhan) Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	19,830	100	—
Huaxin Concrete (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of concrete	LLC	2500	—	100
Huaxin Cement (Xinyang, Henan) Co., LTD	Xinyang	Xinyang	Manufacture and sale of building materials	LLC	20,000	100	—
Huangshi Huaxin Cement Research and Design Co., LTD	Huangshi	Huangshi	Engineering and design of building materials	LLC	100	99	—
Hubei Dailing Future Environmental Protection Packaging Technology Co., LTD	Huangshi	Huangshi	Manufacture and sale of cement bags	LLC	6,000	100	—
Huaxin Cement (Zigui) Co., LTD	Zigui	Zigui	Manufacture and sale of building materials	LLC	24,000	100	—

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Cement (Zhuzhou) Co., LTD	Zhuzhou	Zhuzhou	Manufacture and sale of building materials	LLC	34,000	100	—
Huaxin Cement (Chenzhou) Co., LTD	Chenzhou	Chenzhou	Manufacture and sale of building materials	LLC	22,000	100	—
Huaxin Cement (Macheng) Co., LTD	Macheng	Macheng	Manufacture and sale of building materials	LLC	6,500	100	—
Huaxin Environmental Engineering (Wuxue) Co., LTD	Wuxue	Wuxue	Environmental design, construction, and waste disposal	LLC	6,000	—	100
Huaxin Cement Technology Management (Wuhan) Co., LTD	Wuhan	Wuhan	Technology development and consulting services	LLC	2,000	100	—
Huaxin Ezhou Packaging Co., LTD	Ezhou	Ezhou	Manufacture and sale of cement bags	LLC	3,400	—	100
Huaxin Cement (Huangshi) Bulk Storage & Transportation Co., LTD	Huangshi	Huangshi	Loading and unloading, warehousing and other services	LLC	2,000	100	—
Huaxin Cement Xiangyang Xiangcity Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of building materials	LLC	4,000	100	—
Huaxin Cement (Quxian) Co., LTD	Quxian	Quxian	Manufacture and sale of building materials	LLC	24,000	100	—
Huaxin Cement (Wanyuan) Co., LTD	Wanyuan	Wanyuan	Manufacture and sale of building materials	LLC	20,200	94	6
Huaxin Cement (Fuling, Chongqing) Co., LTD.	Fuling	Fuling	Manufacture and sale of building materials	LLC	20,000	100	—
Huaxin Cement (Daoxian) Co., LTD	Daoxian	Daoxian	Manufacture and sale of building materials	LLC	18,000	100	—
Huaxin Cement (Dongchuan, Kunming) Co., LTD.	Kunming	Kunming	Manufacture and sale of building materials	LLC	14,000	100	—
Huaxin Cement (Lengshui River) Co., LTD.	Lengshuijiang	Lengshuijiang	Manufacture and sale of building materials	LLC	20,000	90	—
Huaxin Environmental Engineering Co., LTD	Wuhan	Wuhan	Environmental design, construction and waste disposal	LLC	100,000	100	—
Huaxin Aggregate (Yangxin) Co., LTD	Yangxin	Yangxin	Manufacture and sale of construction aggregates	LLC	14,000	—	100
Huaxin Zhongya Investment (Wuhan) Co., LTD.	Wuhan	Wuhan	Investments	LLC	40,000	100	—
Xinyang Huaxin Concrete Co., LTD	Xinyang	Xinyang	Manufacture and sale of concrete	LLC	2,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Cement (Huangshi) Equipment Manufacturing Co., LTD	Huangshi	Huangshi	Manufacture, repair and installation of electromechanical equipment	LLC	13,000	—	100
Huaxin Zhuzhou Packaging Co., LTD	Zhuzhou	Zhuzhou	Manufacture and sale of cement bags	LLC	500	—	100
Nanzhang Huaxin Xinrui Hotel Management Co., LTD	Nanzhang	Nanzhang	Accommodation services	LLC	50	—	99
Huaxin Environmental Engineering (Huangshi) Co., LTD	Huangshi	Huangshi	Environmental design, construction and waste disposal	LLC	720	—	100
Tibet Huaxin Building Materials Co., LTD	Tibet	Tibet	Manufacture and sale of concrete	LLC	3,500	—	56
Huaxin Quxian Packaging Co., LTD	Quxian	Quxian	Manufacture and sale of cement bags	LLC	500	—	100
Huaxin Cement (Sangzhi) Co., LTD	Sangzhi	Sangzhi	Manufacture and sale of building materials	LLC	15,000	80	—
Huaxin Concrete (WuhanCaidian) Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	2,500	—	100
Nantong Huaxin Shengyuan Concrete Co., LTD	Nantong	Nantong	Manufacture and sale of concrete	LLC	3,000	—	100
Zhangjiagang Huaxin Southeast Concrete Co., LTD	Zhang jiagang	Zhang jiagang	Manufacture and sale of concrete	LLC	3,000	—	100
Changshu Huaxin Jinlong Concrete Co., LTD	Changshu	Changshu	Manufacture and sale of concrete	LLC	3,000	—	100
Zhangjiagang Huaxin Xinggang Concrete Co., LTD	Zhang jiagang	Zhang jiagang	Manufacture and sale of concrete	LLC	3,000	—	100
Taicang Huaxin Longhe Concrete Co., LTD	Taicang	Taicang	Manufacture and sale of concrete	LLC	3,000	—	100
Changzhou Huaxin Tongjin Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Changzhou Huaxin Tongxin Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Nantong Huaxin Jinlong Concrete Co., LTD	Nantong	Nantong	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete (WuhanJiangxia) Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	2,500	—	100
Changzhou Huaxin Boai Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Jiujiang Huaxin Concrete Co., LTD	Jiujiang	Jiujiang	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete (Xiaogan) Co., LTD	Xiaogan	Xiaogan	Manufacture and sale of concrete	LLC	2,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Concrete Co., LTD	Wuhan	Wuhan	Investments	LLC	13,500	100	—
Huaxin Concrete (Fancheng District,Xiangyang) Co., LTD.	Xiangyang	Xiangyang	Manufacture and sale of concrete	LLC	2,550	—	100
Huaxin Building Materials (Fancheng District,Xiangyang) Co., LTD.	Xiangyang	Xiangyang	Manufacture and sale of concrete	LLC	1,410	—	100
Nanchong Huaxin New Building Materials Co., LTD	Nanchong	Nanchong	Manufacture and sale of building materials	LLC	1,000	—	100
Changshu Huaxin Shunfeng Concrete Co., LTD.	Changshu	Changshu	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Logistics (Changyang) Co., LTD	Changyang	Changyang	Logistics services	LLC	500	—	100
Abra Holdings Ltd	Mauritius	Mauritius	Investments	LLC	USD 4,000	—	100
Shanghai Huaxin Runshen Concrete Co., LTD	Shanghai	Shanghai	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete (Ezhou Gedian Economic and Technological Development) Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Wuhan Building Materials Trading Co., LTD	Wuhan	Wuhan	Manufacture and sale of building materials	LLC	1,000	—	100
Chenzhou Huaxin New Building Materials Co., LTD	Chenzhou	Chenzhou	Manufacture and sale of building materials	LLC	300	—	100
Quxian Huaxin New Building Material Co., LTD	Quxian	Quxian	Manufacture and sale of building materials	LLC	500	—	100
Taizhou Huaxin Tianhou Concrete Co., LTD	Taizhou	Taizhou	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Aggregate Co., LTD	Wuhan	Wuhan	Investments	LLC	20,000	100	—
Huaxin New Building Materials Co., LTD	Wuhan	Wuhan	Manufacture and sale of new materials	LLC	11,704	100	—
Huaxin Environmental Engineering (Zhuzhou) Co., LTD	Zhuzhou	Zhuzhou	Environmental design, construction and waste disposal	LLC	2,400	—	100
Huaxin Environmental Engineering (Xinyang) Co., LTD	Xinyang	Xinyang	Environmental design, construction, and waste disposal	LLC	5,000	—	100
Huaxin Equipment Engineering Co., LTD	Huangshi	Huangshi	Manufacture and repair of electromechanical equipment	LLC	19,000	100	—

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Environmental Engineering Fengjixian Co., LTD	Fengjie	Fengjie	Environmental design, construction, and waste disposal	LLC	2,000	—	100
Huaxin (Hong Kong) International Holdings LTD.	Hong Kong	Hong Kong	Investments	LLC	HKD19,643 USD40,641	100	—
Huaxin Environmental Engineering Nanzhang Co., LTD	Nanzhang	Nanzhang	Environmental design, construction and waste disposal	LLC	1,500	—	100
Huaxin Environmental Engineering (Zhuhai) Co., LTD	Zhuhai	Zhuhai	Environmental design, construction, and waste disposal	LLC	6,000	—	80
Huaxin Concrete (Zhuzhou) Co., LTD	Zhuzhou	Zhuzhou	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Environmental Engineering (Fangxian) Co., LTD	Fangxian	Fangxian	Environmental design, construction and waste disposal	LLC	1,000	—	100
Huaxin Concrete (Enshi) Co., LTD	Enshi	Enshi	Manufacture and sale of concrete	LLC	1,200	—	100
Huaxin Environmental Engineering (Ezhou) Co., LTD	Ezhou	Ezhou	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin Environmental Engineering (Yingcheng) Co., LTD	Yingcheng	Yingcheng	Environmental design, construction and waste disposal	LLC	2,500	—	100
Huaxin Concrete (Ezhou) Co., LTD	Ezhou	Ezhou	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Jianli) Co., LTD	Jianli	Jianli	Manufacture and sale of concrete	LLC	2,500	—	100
Enping Huaxin Environmental Engineering Co., LTD	Enping	Enping	Environmental design, construction and waste disposal	LLC	500	—	80
Huaxin Concrete (Yichang) Co., LTD	Yichang	Yichang	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Daoxian) Co., LTD	Daoxian	Daoxian	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Environmental Engineering (Zigui) Co., LTD	Zigui	Zigui	Environmental design, construction and waste disposal	LLC	2,100	—	100
Huaxin Environmental Engineering (Youxian) Co., LTD	Youxian	Youxian	Environmental design, construction and waste disposal	LLC	2,900	—	100
Huaxin Hong Kong (Cambodia) Investment Co., LTD	Hong Kong	Hong Kong	Investments	LLC	HKD1	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Xiangyang Huaxin Logistics Co., LTD	Xiangyang	Xiangyang	Loading and unloading, warehousing and other services	LLC	100	—	100
Huaxin Hong Kong (Central Asia) Investment Co., LTD	Hong Kong	Hong Kong	Investments	LLC	HKD1	—	51
Huaxin Environmental Engineering (Wanyuan) Co., LTD	Wanyuan	Wanyuan	Environmental design, construction and waste disposal	LLC	1,000	—	100
Huaxin Environmental Engineering (Zhaotong) Co., LTD	Zhaotong	Zhaotong	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin Environmental Engineering (Daye) Co., LTD	Daye	Daye	Environmental design, construction and waste disposal	LLC	60	—	100
Huaxin Environmental Engineering (Loudi) Co., LTD	Loudi	Loudi	Environmental design, construction and waste disposal	LLC	4,000	—	100
Huaxin Environmental Engineering Yunyangxian Co., LTD	Yunyang	Yunyang	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin Narayani Investment (Shanghai) Co., LTD	Shanghai	Shanghai	Investments	LLC	100	100	—
Wuhan Longwangzui Huaxin Environmental Engineering Co., LTD	Wuhan	Wuhan	Environmental design, construction and waste disposal	LLC	1,200	—	100
Huaxin Environmental Engineering (Yidu City) Co., LTD	Yidu	Yidu	Environmental design, construction and waste disposal	LLC	3,000	—	100
Wuhan Southern Prince Lake Huaxin Environmental Engineering Co., LTD	Wuhan	Wuhan	Environmental design, construction and waste disposal	LLC	1,000	—	100
Huaxin (Zigui) Logistics Co., LTD	Zigui	Zigui	Loading and unloading, warehousing and other services	LLC	500	—	100
Chongqing Fuling Huaxin Environmental Engineering Co., LTD	Chongqing	Chongqing	Environmental design, construction and waste disposal	LLC	100	—	100
Huaxin (Jianchuan) Environmental Engineering Co., LTD	Jianchuan	Jianchuan	Environmental design, construction and waste disposal	LLC	1,500	—	100
Huaxin (Lijiang) Environmental Engineering Co., LTD	Lijiang	Lijiang	Environmental design, construction and waste disposal	LLC	1,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Environmental Engineering (Yichang) Co., LTD	Yichang	Yichang	Environmental design, construction and waste disposal	LLC	2,000	100	—
Huaxin Environmental (Shiyan) Use of Renewable Resources Co., LTD	Shiyan	Shiyan	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin New Materials (Changyang) Co., LTD	Changyang	Changyang	Manufacture and sale of new materials	LLC	39,300	—	100
Huaxin Cement (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of building materials	LLC	111,600	80	14
Huaxin New Building Materials (Fumin) Co., LTD	Fumin	Fumin	Manufacture and sale of new materials	LLC	3,000	—	65
Zhuzhou Huaxin Logistics Co., LTD	Zhuzhou	Zhuzhou	Loading and unloading, warehousing and other services	LLC	200	—	100
Zhuzhou Huaxin Environmental Hazardous Waste Disposal Co., LTD	Zhuzhou	Zhuzhou	Environmental design, construction and waste disposal	LLC	1,300	—	80
Huaxin (Nanzhang) Use of Renewable Resources Co., LTD	Nanzhang	Nanzhang	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin Environmental (Yangxin) Use of Renewable Resources Co., LTD	Yangxin	Yangxin	Environmental design, construction and waste disposal	LLC	1,500	—	100
Wuhan Huaxin Changshankou Logistics Co., LTD	Wuhan	Wuhan	Loading and unloading, warehousing and other services	LLC	1,000	—	100
Huaxin Concrete (Yangxin) New Material Co., LTD	Yangxin	Yangxin	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Environmental Engineering (Badong) Co., LTD	Badong	Badong	Environmental design, construction and waste disposal	LLC	2,000	—	100
Huaxin New Building Materials Xiangyang Co., LTD	Xiangyang	Xiangyang	Manufacture and sales of new materials	LLC	3,000	—	100
Huaxin Seepage Prevention and Energy Saving Special New Material (Fumin) Co., LTD	Fumin	Fumin	Manufacture and sale of new materials	LLC	500	—	86
Huaxin Aggregate (Zhuzhou) Co., LTD	Zhuzhou	Zhuzhou	Manufacture and sale of construction aggregates	LLC	10,000	—	70

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin (Huangshi) Logistics Co., LTD	Huangshi	Huangshi	Loading and unloading, warehousing and other services	LLC	2,000	100	—
Huaxin (Lijiang) Environmental Protection New Material Co., LTD	Lijiang	Lijiang	Manufacture and sale of new materials	LLC	6,000	—	70
Shannan Huaxin Environmental Engineering Co., LTD	Shannan	Shannan	Environmental design, construction and waste disposal	LLC	3,000	—	79
Wuhan Changshankou Huaxin Environmental Engineering Co., LTD	Wuhan	Wuhan	Environmental design, construction and waste disposal	LLC	10,000	—	100
Huaxin Hong Kong Tanzania Co., LTD	Hong Kong	Hong Kong	Investments	LLC	USD4,950	—	100
Hubei Huaxin Environmental Logistics Co., LTD	Huangshi	Huangshi	Manufacture and sale of building materials	LLC	1,000	—	100
Huaxin Traffic Investment (Chibi) New Building Materials Co., LTD	Chibi	Chibi	Manufacture and sale of new materials	LLC	10,000	—	51
Huaxin Environmental Engineering (Yunnan) Co., LTD	Kunming	Kunming	Environmental design, construction and waste disposal	LLC	3,000	—	100
Huaxin Chaokelong New Building Materials Technology (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of new materials	LLC	5,000	—	100
HX International (Tanzania) Limited.	Tanzania	Tanzania	Investments	LLC	TZS1,000	—	100
Huaxin Concrete (Xianning) Co., LTD	Xianning	Xianning	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Cement (Songming) Co., LTD	Kunming	Kunming	Manufacture and sale of building materials	LLC	30,000	—	100
Huaxin Environmental Engineering (Changyang) Co., LTD	Changyang	Changyang	Environmental design, construction and waste disposal	LLC	3,000	—	100
Huaxin (Changyang) Renewable Resources Utilization Co., LTD	Changyang	Changyang	Environmental design, construction and waste disposal	LLC	3,000	—	100
Huangshi Huaxin Green Building Materials Co., LTD	Huangshi	Huangshi	Manufacture and sale of construction aggregates	LLC	430,000	58	—
Huaxin Concrete (Huanggang) Co., LTD	Huanggang	Huanggang	Manufacture and sale of concrete	LLC	2,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Concrete (Macheng) Co., LTD	Macheng	Macheng	Manufacture and sale of concrete	LLC	2,500	—	100
Chongqing Huaxin Renewable Resources Utilization Co., LTD	Chongqing	Chongqing	Industrial Solid Waste	LLC	4,000	—	100
Huaxin Environmental Engineering (Hefeng) Co., LTD	Hefeng	Hefeng	Environmental design, construction and waste disposal	LLC	1,000	—	51
Huaxin New Building Materials (Luonan) Co., LTD	Luonan	Luonan	Manufacture and sale of new materials	LLC	5,000	—	55
Changzhou Huaxin Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	21,000	—	100
Huaxin New Building Materials (Kunming) Co., LTD	Kunming	Kunming	Manufacture and sale of new materials	LLC	5,000	—	100
Huaxin (Hainan) Investment Co., LTD	Haikou	Haikou	Investments	LLC	USD 66,000	50	50
Yangxin County Fuhua Handling Co., LTD	Yangxin	Yangxin	Loading and unloading, warehousing and other services	LLC	30,000	—	58
Huaxin Concrete (Shishou) Co., LTD	Shishou	Shishou	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Suizhou) Co., LTD	Suizhou	Suizhou	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Gangcheng Building Materials (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of construction aggregates	LLC	20,000	—	51
Huaxin Property Management Huangshi Co., LTD	Huangshi	Huangshi	Property management services	LLC	300	100	—
Huaxin Environmental Engineering (Guangdong) Co., LTD	Guangzhou	Guangzhou	Environmental design, construction and waste disposal	LLC	1,000	—	100
Huaxin Phosphogypsum (Wuxue) Co., LTD	Wuxue	Wuxue	Manufacture and sale of new materials	LLC	2,000	—	100
Huaxin Chunjin Building Materials (Wuxue) Co., LTD (Note 1)	Wuxue	Wuxue	Manufacture and sale of building materials	LLC	5,000	—	32
Huaxin New Building Materials (Wuxue) Co., LTD	Wuxue	Wuxue	Manufacture and sale of new materials	LLC	3,000	—	100
Huaxin New Materials (Yidu) Co., LTD	Yidu	Yidu	Manufacture and sale of new materials	LLC	2,500	—	100
Huaxin Fine Calcium Industry (Xiangyang) Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of new materials	LLC	2,700	—	100
Hainan Baihuitong Supply Chain Technology Co., LTD	Haikou	Haikou	Loading and unloading, warehousing and other services	LLC	10,000	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Fumin Park New Building Materials Co., LTD	Fumin	Fumin	Manufacture and sale of new materials	LLC	10,000	—	70
Huaxin Concrete (zigui) Co., LTD	Zigui	Zigui	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Qianjiang) Co., LTD	Qianjiang	Qianjiang	Manufacture and sale of concrete	LLC	2,500	—	100
Nanjing Huaxin Concrete Co., LTD	Nanjing	Nanjing	Manufacture and sale of concrete	LLC	5,000	—	100
Huaxin New Materials Concrete Xiangyang Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Zhongnan (Wuhan) Environmental Protection Technology Co., LTD	Wuhan	Wuhan	Environmental design, construction and waste disposal	LLC	500	—	100
Huaxin Environmental Engineering (Chongqing) Co., LTD	Chongqing	Chongqing	Environmental design, construction and waste disposal	LLC	4,100	—	100
Jingjiang Huaxin Concrete Co., LTD	Jingjiang	Jingjiang	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Fortress New Building Materials (Daye) Co., LTD	Daye	Daye	Manufacture and sale of new materials	LLC	3,000	—	100
Huaxin Concrete (Yangxin) Co., LTD	Yangxin	Yangxin	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Daye) Co., LTD	Daye	Daye	Manufacture and sale of concrete	LLC	2,500	—	100
Changzhou Huaxin Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete (Tianmen) Co., LTD	Tianmen	Tianmen	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin New Materials (Zigui) Co., LTD	Zigui	Zigui	Manufacture and sale of new materials	LLC	10,000	—	100
Zhenjiang Huaxin Jingfa Concrete Co., LTD	Zhenjiang	Zhenjiang	Manufacture and sale of concrete	LLC	3,000	—	100
Changzhou Huaxin Concrete Compound Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Changzhou Huaxin Concrete Co., LTD	Changzhou	Changzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Green Building Materials (Wuxue) Co., LTD	Wuxue	Wuxue	Manufacture and sale of building materials	LLC	50,000	—	59
Huaxin Environmental Engineering (Hunan) Co., LTD	Changsha	Changsha	Environmental design, construction and waste disposal	LLC	1,000	—	100
Huaxin Concrete Xiangyang Xiangcheng Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of concrete	LLC	2,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin New Building Materials (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of new materials	LLC	5,000	100	—
Huaxin New Building Materials (Honghe) Co., LTD	Honghe	Honghe	Manufacture and sale of new materials	LLC	2,500	—	100
Nantong Huaxin Chunfa Concrete Co., LTD	Nantong	Nantong	Manufacture and sale of concrete	LLC	3,000	—	100
Taicang Huaxin Xinyang Concrete Co., LTD	Taicang	Taicang	Manufacture and sale of concrete	LLC	2,500	—	100
Nantong Taisheng Huaxin Concrete Co., LTD	Nantong	Nantong	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete (Hanchuan) Co., LTD	Hanchuan	Hanchuan	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Gayur Cement LLC (Note 2)	Tajikistan	Tajikistan	Manufacture and sale of building materials	LLC	TJS 9,549	—	38
Huaxin Gayur (Sogd) Cement LLC (Note 3)	Tajikistan	Tajikistan	Manufacture and sale of building materials	LLC	TJS 22,304	—	36
Huaxin Cement Narayani Co., LTD	Nepal	Nepal	Manufacture and sale of building materials	LLC	USD 2,800	—	100
Cambodian Chakrey Ting Packaging Co., LTD	Cambodia	Cambodia	Manufacture and sale of cement bags	LLC	USD 510	—	68
Huaxin Cement Jizzakh LLC	Uzbekistan	Uzbekistan	Manufacture and sale of building materials	LLC	USD 3,000	—	100
Huaxin Cambodia Trading Co., LTD	Cambodia	Cambodia	Import and export trade of cement	LLC	USD 60	—	100
Huaxin Gayur New Building Materials Co., LTD (Note 3)	Tajikistan	Tajikistan	Manufacture and sale of new materials	LLC	TJS 2,800	—	33
Jiangsu Huaxin Supply Chain Co., LTD	Changzhou	Changzhou	Logistics services	LLC	1,000	—	100
Xinyang Xinxin Green Building Materials Co., LTD	Xinyang	Xinyang	Manufacture and sale of construction aggregates	LLC	10,000	—	51
Nantong Huaxin Xincheng Concrete Co., LTD	Nantong	Nantong	Manufacture and sale of concrete	LLC	2,500	—	100
Wuhan Baihitong Supply Chain Technology Co., LTD	Wuhan	Wuhan	Logistics services	LLC	5,000	—	100
Huaxin Solid Waste Disposal (Changyang) Co., LTD	Changyang	Changyang	Industrial solid waste	LLC	1,600	—	100
Huaxin Cement International Finance Co., LTD	Hongkong	Hongkong	Investment	LLC	USD 1	—	100
Cambodia Concrete Chakrey Ting Co., LTD	Cambodia	Cambodia	Manufacture and sale of concrete	LLC	USD 60	—	68
Hua Tech Engineering Limited	Zambia	Zambia	Manufacture and repair of electromechanical equipment	LLC	ZMK 2	—	100

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Zimbabwe Industries (Private) Limited	Zimbabwe	Zimbabwe	Manufacture and sale of building materials	LLC	USD 200	—	100
Yellow Stone Engineering Construction SPC	Oman	Oman	Manufacture and repair of electromechanical equipment	LLC	OMR 25	—	100
Giant Stone Engineering Construction Limited Liability Company Pty LTD	South Africa	South Africa	Manufacture and repair of electromechanical equipment	LLC	ZAR 718	—	100
Changshu Huaxin Changling Concrete Co., LTD	Changshu	Changshu	Manufacture and sale of concrete	LLC	3,000	—	100
Zhenjiang Huaxin Mingxing Concrete Co., LTD	Zhenjiang	Zhenjiang	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Xijiesi Building Material Technology (Huangshi) Co., LTD	Huangshi	Huangshi	Manufacture and sale of building materials	LLC	2,800	—	70
Huaxin Pan Africa Investment Co., LTD.	Haikou	Haikou	Investments	LLC	201,600	—	100
Suzhou Industrial Park Huaxin Concrete Co., LTD.	Suzhou	Suzhou	Manufacture and sale of concrete	LLC	2,500	—	100
Changyang Xinzhida Logistics Co., LTD.	Yichang	Yichang	Manufacture and sale of building materials	LLC	2,000	—	100
Huaxin New Building Materials (Dawu) Co., LTD.	Dawu	Dawu	Logistics services	LLC	2,000	—	51
Chenzhou Huaxin Renewable Resource Utilization Co., LTD.	Chenzhou	Chenzhou	Environmental design, construction and waste disposal	LLC	1,500	—	75
Yangxin Fuhua Agricultural Technology Co., LTD.	Huangshi	Huangshi	Technology development and consulting services	LLC	500	—	58
Subsidiaries acquired through business combinations under non-common control							
Huaxin Cement (Hefeng) National Building Materials Co., LTD	Hefeng	Hefeng	Manufacture and sale of building materials	LLC	4,764	51	—
Huaxin RedTower Cement (Jinghong) Co., LTD	Jinghong	Jinghong	Manufacture and sale of building materials	LLC	17,961	51	—
Huaxin Cement (Changyang) Co., LTD	Changyang	Changyang	Manufacture and sale of building materials	LLC	24,900	100	—
Huaxin Cement (Jingzhou) Co., LTD	Jingzhou	Jingzhou	Manufacture and sale of building materials	LLC	8,080	88	12
Huaxin Cement (Fangxian) Co., LTD	Fangxian	Fangxian	Manufacture and sale of building materials	LLC	8,000	70	—
Huaxin Cement (Danjiangkou) Co., LTD	Dan jiangkou	Dan jiangkou	Manufacture and sale of building materials	LLC	2,450	—	70
Huaxin Cement (Diqing) Co., LTD	Diqing	Diqing	Manufacture and sale of building materials	LLC	9,500	69	—
Huaxin Jinlong Cement (Yunxian) Co., LTD	Yunxian	Yunxian	Manufacture and sale of building materials	LLC	8,000	80	—
Huaxin Cement Suizhou Co., LTD	Suizhou	Suizhou	Manufacture and sale of building materials	LLC	4,100	60	—

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Concrete Jingmen Co., LTD	Jingmen	Jingmen	Manufacture and sale of concrete	LLC	2,500	—	100
Hainan Huaxin Dacheng Concrete Co., LTD	Haikou	Haikou	Manufacture and sale of concrete	LLC	3,000	—	70
Hainan Huaxin Fuli Concrete Co., LTD	Haikou	Haikou	Manufacture and sale of concrete	LLC	2,800	—	70
Nanjing Huaxin Pingda Building Material Technology Co., LTD	Nanjing	Nanjing	Manufacture and sale of concrete	LLC	3,000	—	100
Huanggang Jiamei New Materials Technology Co., LTD	Huanggang	Huanggang	Manufacture and sale of concrete	LLC	2,500	—	100
Yangzhou Huaxin Jiangyang Concrete Co., LTD	Yangzhou	Yangzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Tianbang Concrete (Wuhan Hanyang) Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	2,500	—	100
Xishui County Concrete Sheng Building Material Co., LTD	Xishui	Xishui	Manufacture and sale of building materials	LLC	2,500	—	100
Suzhou Liangxing Concrete Co., LTD	Suzhou	Suzhou	Manufacture and sale of concrete	LLC	3,000	—	100
Huaxin Concrete Xianning Co., LTD	Xianning	Xianning	Manufacture and sale of concrete	LLC	4,200	—	100
Zaoyang Huaxin Concrete Co., LTD	Zaoyang	Zaoyang	Manufacture and sale of concrete	LLC	2,500	—	87
Huaxin Cement (Daye) Co., LTD	Daye	Daye	Manufacture and sale of concrete	LLC	32,700	70	—
Huaxin Cement (Ezhou) Co., LTD	Ezhou	Ezhou	Manufacture and sale of building materials	LLC	5,000	70	—
Hubei Zhushen Building Materials Co., LTD	Wuhan	Wuhan	Manufacture and sale of concrete	LLC	2,500	—	87
Huaxin Concrete (Chongyang) Co., LTD	Xianning	Xianning	Manufacture and sale of concrete	LLC	2,588	—	51
Success Eagle Cement (Hong Kong) Co., LTD	Hong Kong	Hong Kong	Investments	LLC	HKD1	—	65
Huaxin Cement (Enping) Co., LTD	Enping	Enping	Manufacture and sale of building materials	LLC	HKD28,000	—	65
Huaxin Concrete Xiangyang Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of concrete	LLC	19,500	—	87
Huaxin Fine Calcium (Xiangyang) Co., LTD	Xiangyang	Xiangyang	Manufacture and sale of building materials	LLC	2,700	—	100
Huaxin Environmental Engineering (Shiyan) Co., LTD	Shiyan	Shiyan	Environmental design, construction and waste disposal	LLC	5,000	—	100
Huaxin Cement (Fumin) Co., LTD	Fumin	Fumin	Manufacture and sale of building materials	LLC	39,000	—	100
Yunnan Huaxin Dongjun Cement Co., LTD	Kunming	Kunming	Manufacture and sale of building materials	LLC	26,000	—	100
Huaxin Cement (Lijiang) Co., LTD	Lijiang	Lijiang	Manufacture and sale of building materials	LLC	10,000	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Cement (RedRiver) Co., LTD	Honghe	Honghe	Manufacture and sale of building materials	LLC	50,000	—	100
Huaxin Cement (Chuxiong) Co., LTD	Chuxiong	Chuxiong	Manufacture and sale of building materials	LLC	3,260	—	100
Huaxin Cement (Jianchuan) Co., LTD	Jianchuan	Jianchuan	Manufacture and sale of building materials	LLC	27,000	—	100
Huaxin Cement (Yunlong) Co., LTD	Yunlong	Yunlong	Manufacture and sale of building materials	LLC	30,000	—	100
Huaxin Cement (Lincang) Co., LTD	Lincang	Lincang	Manufacture and sale of building materials	LLC	36,090	—	100
Kunming Chongde Cement Co., LTD	Kunming	Kunming	Manufacture and sale of building materials	LLC	38,200	—	100
Yunnan Huaxin Building Investment Co., LTD	Kunming	Kunming	Investments	LLC	305,883	100	—
Kunming Huaxin Logistics Co., LTD	Kunming	Kunming	Loading and unloading, warehousing and other services	LLC	1,000	—	100
Yunan State-owned Cement (Kunming) Co., LTD	Kunming	Kunming	Manufacture and sale of building materials	LLC	13,038	—	100
Chongqing Huaxin Yanjin Cement Co., LTD	Chongqing	Chongqing	Manufacture and sale of building materials	LLC	21,000	100	—
Chongqing Huaxin Diwei Cement Co., LTD	Chongqing	Chongqing	Manufacture and sale of building materials	LLC	45,268	97	—
Chongqing Huaxin Cantian Cement Co., LTD	Chongqing	Chongqing	Manufacture and sale of building materials	LLC	27,000	100	—
Huaxin Guizhou Top Effect Special Cement Co., LTD	Guizhou	Guizhou	Manufacture and sale of building materials	LLC	23,107	—	100
Guizhou Shuicity Ruian Cement Co., LTD	Guizhou	Guizhou	Manufacture and sale of building materials	LLC	20,000	—	70
Chongqing Huaxin Logistics Co., LTD	Chongqing	Chongqing	Loading and unloading, warehousing and other services	LLC	50	—	98
Chongqing Huaxin Fenghuang Lake Concrete Co., LTD	Chongqing	Chongqing	Manufacture and sale of concrete	LLC	5,107	100	—
Chongqing Huaxin Tiancheng Concrete Co., LTD	Chongqing	Chongqing	Manufacture and sale of concrete	LLC	3,250	100	—
Yunwei Baoshan Organic Chemical Co., LTD	Baoshan	Baoshan	Manufacture and sale of building materials	LLC	10,000	—	80
Hainan Xinhongda Building Materials Co., LTD	Haikou	Haikou	Manufacture and sale of new materials	LLC	1,500	—	100
Yidu Honghua Xintong Logistics Co., LTD	Yidu	Yidu	Loading and unloading, warehousing and other services	LLC	4,500	—	100

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Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Huaxin Concrete (Huangmei) Co., LTD	Huangmei	Huangmei	Manufacture and sale of concrete	LLC	2,600	—	100
Hainan Huaxin Ronghui Concrete Co., LTD	Haikou	Haikou	Manufacture and sale of concrete	LLC	3,000	—	70
Nantong Tongchang Building Materials Co., LTD	Nantong	Nantong	Manufacture and sale of building materials	LLC	3,000	—	100
Yueyang County Yonggu Concrete Co., LTD	Yueyang	Yueyang	Manufacture and sale of concrete	LLC	3,350	—	100
Yangzhou Huaxin Dingli Concrete Co., LTD	Yangzhou	Yangzhou	Manufacture and sale of concrete	LLC	2,500	—	100
Oman Cement Company SAOG	Oman	Oman	Manufacture and sale of building materials	LLC	OMR 3,309	—	65
Cambodian Cement Chakrey Ting Factory Co., LTD	Cambodia	Cambodia	Manufacture and sale of building materials	LLC	USD 6,000	—	68
Yuzhno-Kyrgyzskiy Cement CJSC	Kyrgyzstan	Kyrgyzstan	Manufacture and sale of building materials	LLC	KGS 52,8 32	—	100
Power Assets LLC	Kyrgyzstan	Kyrgyzstan	Land and Building Rental Services	LLC	KGS 0.1	—	100
Maweni limestone limited	Tanzania	Tanzania	Manufacture and sale of building materials	LLC	TZS 30,700,000	—	100
Chilanga Cement PLC	Zambia	Zambia	Manufacture and sale of building materials	LLC	ZMK 1,000	—	75
Portland Cement (Malawi) Limited	Malawi	Malawi	Manufacture and sale of building materials	LLC	MWK 1,579	—	100
Natal Portland Cement Company (Pty) LTD	South Africa	South Africa	Manufacture and sale of building materials	LLC	ZAR 12,317	—	100
Sommerset Investments Limited	Mauritius	Mauritius	Investment	LLC	USD 17,741	100	—
Panzhuhua Huaxin New Materials Co., LTD	Panzhuhua	Panzhuhua	Manufacture and sale of building materials	LLC	1,000	—	100
InterCement South Africa Proprietary Limited	South Africa	South Africa	Manufacture and sale of building materials	LLC	—	—	100
NPC Intercement (RF) Proprietary Limited	South Africa	South Africa	Manufacture and sale of building materials	LLC	ZAR 50,913	—	74
NPC Concrete Proprietary Limited	South Africa	South Africa	Manufacture and sale of concrete	LLC	ZAR 0.01	—	74
South Coast Stone Crushers Proprietary Limited	South Africa	South Africa	Manufacture and sale of building materials	LLC	ZAR 0.01	—	55
Sterkspruit Aggregates Proprietary Limited	South Africa	South Africa	Manufacture and sale of building materials	LLC	ZAR 0.01	—	55
Cimentos de Mozambique,S.A.	Mozambique	Mozambique	Manufacture and sale of building materials	LLC	MZN 628,536	—	96

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VIII. INTERESTS IN OTHER ENTITIES (continued)

1. Interests in subsidiaries (continued)

(1) Information of the Company's major subsidiaries (continued)

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Hunan Junpu Tongfa Building Materials Co., LTD	Changsha	Changsha	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Concrete (Ezhou Huarong) Co., LTD	Ezhou	Ezhou	Manufacture and sale of concrete	LLC	2,500	—	100
Yangxin Tainaoyicheng Building Materials Co., LTD	Yangxin	Yangxin	Manufacture and sale of building materials	LLC	2,600	—	100
Huangshi Huaxin Guanggu East New Building Materials Co., LTD	Huangshi	Huangshi	Manufacture and sale of construction aggregates	LLC	15,000	—	100
Huaxin Xijiesi Building Material Technology (Changsha) Co., LTD	Changsha	Changsha	Manufacture and sale of new materials	LLC	1,200	—	70
Suzhou Huaxin Kanghong Concrete Co., LTD	Suzhou	Suzhou	Manufacture and sale of concrete	LLC	2,500	—	100
NETNIX LTD Cyprus Investment Entity	Cyprus	Cyprus	Investments	LLC	EUR 1	—	100
Xianning Huaxin Tuoxin Concrete Co., LTD	Xianning	Xianning	Manufacture and sale of concrete	LLC	2,500	—	100
Jiaxing Xin Fujiang Concrete Co., LTD.	Jiaxing	Jiaxing	Manufacture and sale of concrete	LLC	3,000	—	100
Hefei Huaxin guofeng Concrete Co., LTD.	Hefei	Hefei	Manufacture and sale of concrete	LLC	2,500	—	100
Liling Shichang Tongfa Building Materials Co., LTD.	Zhuzhou	Zhuzhou	Manufacture and sale of concrete	LLC	2,500	—	100
Huaxin Green Building Materials (Huangshi Xisaishan) Co., LTD	Huangshi	Huangshi	Manufacture and sale of concrete	LLC	2,500	—	100
Qichun Zhongsheng Building Materials Trading Co., LTD.	Huanggang	Huanggang	Manufacture and sale of concrete	LLC	2,600	—	100
Huaxin Supply Chain (Wuhan) Co., LTD.	Wuhan	Wuhan	Logistics services	LLC	1,000	—	100
Huaxin (Hainan) New Building Materials Engineering Co., LTD.	Chengmai	Chengmai	Manufacture and sale of building materials	LLC	1,000	—	100
Hubei Longxin Industry and Trade Co., LTD	Wuhan	Wuhan	Manufacture and sale of building materials	LLC	2,500	—	100
Jiangyin Xinding Concrete Co., Ltd	Jiangyin	Jiangyin	Manufacture and sale of concrete	LLC	3,000	—	100
Tibet Huaxin new aggregate Co., LTD	Tibet	Tibet	Manufacture and sale of construction aggregates	LLC	5,000	—	51
Baoshan Fenghui Commercial Concrete Co., LTD	Baoshan	Baoshan	Manufacture and sale of concrete	LLC	2,500	—	80

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(1) Information of the Company's major subsidiaries *(continued)*

Name of significant subsidiaries	Place of principal business	Place of principal registration	Business Nature	Categories of Legal Entities	Registered capital RMB0'000	Percentage of shareholding(%)	
						Direct	Indirect
Davis Peak Holdings Limited	Hong Kong	Hong Kong	Investments	LLC	EUR 0.0001	—	100
Caricement B.V.	Netherlands	Netherlands	Investments	LLC	EUR 2	—	100
Lafarge Africa Plc	Nigeria	Nigeria	Manufacture and sale of cements	Co., Ltd.	NGN 800,000	—	84
Hainan Huaxin Zhengchuan Concrete Co., LTD	Haikou	Haikou	Manufacture and sale of cements	LLC	3,000	—	51
ITATUBA PARTICIPAÇÕES LTDA.	Brazil	Brazil	Investments	LLC	BRL 7,483	—	100
EMBU S.A. ENGENHARIA E COMÉRCIO	Brazil	Brazil	Manufacture and sale of construction aggregates	Co., Ltd.	BRL 14,150	—	100
Ashaka Cement Limited	Nigeria	Nigeria	Manufacture and sale of cements	LLC	NGN 110,000	—	84
Wapsilla Nigeria Limited	Nigeria	Nigeria	Generation and sale of power	LLC	NGN 1,000	—	84

Basis for controlling the investee when the total direct and indirect shareholding is less than 50%:

Note 1: The main business activities of Huaxin Chunjin Building Materials (Wuxue) Co., Ltd. are decided by the board of directors, and the board adopts a simple majority principle for resolutions. The board has three members in total, and the Group has the right to appoint two directors, holding 67% of the voting rights. Therefore, the Group has control over Huaxin Chunjin Building Materials (Wuxue) Co., Ltd.

Note 2: The main business activities of Huaxin Yovon Cement Co., Ltd. are decided by the board of directors, which makes resolutions based on a simple majority principle. The board has a total of four members, and the Group has the right to appoint three directors, holding 75% of the voting rights. Therefore, the Group has control over Huaxin Yovon Cement Co., Ltd.

Note 3: Since the Group has control over Huaxin Yovon Cement Co., Ltd., and Huaxin Yovon Cement Co., Ltd. which holds 95% and 85% of the shares of Huaxin Gayur (Sogd) Cement Co., Ltd. and Huaxin Gayur New Building Materials Co., Ltd., respectively, the Group therefore exercises control over Huaxin Gayur (Sogd) Cement Co., Ltd. and Huaxin Gayur New Building Materials Co., Ltd.

(2) Subsidiaries with significant minority interests

2025

	Percentage of minority shareholding (%)	Profit or loss attributable to minority shareholders (Note 2)	Dividend payment to minority shareholders	Accumulated equity attributable to minority shareholders at the end of the year
Lafarge Africa Plc (Note 1)	16.19%	68,053,824	—	705,596,978

Note 1: Lafarge Africa Plc is a newly acquired company this year (see Note VII, 1), with no comparative data for the previous year.

Note 2: The profit or loss attributable to minority shareholders is presented for the period from the acquisition date to 31 December 2025.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

1. Interests in subsidiaries *(continued)*

(3) The major financial information of subsidiaries with significant minority interests

	2025 Lafarge Africa Plc
Current assets	2,691,029,115
Non-current assets	4,636,261,243
Total assets	7,327,290,358
Current liabilities	2,012,864,664
Non-current liabilities	983,952,856
Total liabilities	2,996,817,520
Revenues	1,805,426,738
Net profit	429,816,876
Total comprehensive income	429,816,876
Net cash flows from operating activities	385,639,415

Note: The major financial information is for the period from the acquisition date to 31 December 2025.

2. Interests in joint ventures and associates

	Place of principal business	Place of registration	Business nature	Whether it is strategic to the Group's activities	Percentage of shareholding (%)		Accounting treatment
					Direct	Indirect	
Associates							
Tibet High-Tech Building Materials Group Co., LTD	Tibet	Tibet	Manufacture and sale of building materials	Yes	43	—	Equity method
Shanghai Wanan Huaxin Building Materials Group Co., Ltd.	Shanghai	Shanghai	Manufacture and sale of building materials	Yes	49	—	Equity method
Zhangjiajie Tianzi Concrete Co., LTD	Sangzhi	Sangzhi	Manufacture and sale of concrete	Yes	30	—	Equity method
Xinyang Xinxin Mining Co., LTD	Xinyang	Xinyang	Wholesale of non-metallic minerals and products	Yes	30	—	Equity method
Mondi Oman LLC	Oman	Oman	Manufacture of industrial paper bags	Yes	30	—	Equity method
Hubei Zhongyun Zhiwei Industry Innovation Development Co., Ltd	Wuhan	Wuhan	Technology Research and Development and Consulting Services	Yes	5	—	Equity method

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

VIII. INTERESTS IN OTHER ENTITIES *(continued)*

2. Interests in joint ventures and associates *(continued)*

The summarised financial information for joint ventures and associates that are individually immaterial to the Group is as follows:

	2025	2024
Joint ventures		
Total carrying value of investments	—	20,291,611
Total amount calculated based on shareholding		
Profit	—	4,991,611
Total comprehensive income	—	4,991,611
Associates		
Total carrying value of investments	588,300,772	564,460,843
Total amount calculated based on shareholding		
Profit	26,958,396	26,905,121
Total comprehensive income	26,958,396	26,905,121

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS

1. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

The board of directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify specific risks and cover a wide range of areas such as market risk, credit risk and liquidity risk management. The Group regularly assesses changes in the market environment and the Group's operations to determine whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids relevant risks by working closely with other business units of the Group. The Group's internal audit department conducts regular audits on risk management controls and procedures and reports the results of the audits to the Group's Audit Committee.

The Group diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in any single industry, in a particular geographic region or with a particular counterparty by establishing appropriate risk management policies.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS *(continued)*

1. Risks of financial instruments *(continued)*

(1) Credit risk

The Group only transacts with accredited, reputable third parties. In accordance with the Group's policy, credit checks are required to be performed on all customers who request to transact on credit. In addition, the Group monitors its accounts receivable balances on an ongoing basis to ensure that the Group is not exposed to significant risk of bad debts. The Group does not provide credit transaction terms for transactions that are not settled in the local currency of account of the relevant operating unit, unless specifically approved by the Group's credit control department.

Cash and bank balances, bank acceptance bills and derivative financial instruments are subject to low credit risk because the counterparties to these instruments are reputable banks with high credit ratings.

The Group's other financial assets include accounts receivable, other receivables, long-term receivables and debt investments, which are subject to credit risk arising from default of the counterparties, with the maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk of the Group at each balance sheet date is the total amount charged to the customers less the amount of the impairment provision.

No collateral is required as the Group only transacts with recognised and reputable third parties. Credit risk concentrations are managed by customer/counterparty, geographical area and industry. There are no significant concentrations of credit risk within the Group as the customer base of the Group's accounts receivable is widely dispersed across different sectors and industries. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

Criteria for judging significant increase in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. In determining whether the credit risk has significantly increased since initial recognition, the Group's key criterion is when days past due exceed 30 days, or the following indicators of debtors occur significant changes: the operating environment, internal and external credit ratings and the significant adverse change of actual or predicted operating results.

Definition of credit-impaired assets

The Group's key criterion for determining that credit impairment has occurred is when the number of days past due exceeds 180 days. However, in some cases, the Group also considers credit impairment to have occurred if internal or external information indicates that full recovery of the contractual amount may not be possible before taking into account any credit enhancements held.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS *(continued)*

1. Risks of financial instruments *(continued)*

(2) Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and other borrowings.

The liquidity of the Group is primarily dependent on adequate cash inflows from operations to meet its debt obligations as they fall due and external financing to fulfil its committed future capital expenditure requirements.

The following table summarises the maturity analysis of financial liabilities and lease liabilities based on the undiscounted contractual cash flows:

31 December 2025

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	578,324,752	—	—	—	578,324,752
Notes payable	653,818,101	—	—	—	653,818,101
Accounts payable	8,168,201,333	—	—	—	8,168,201,333
Other payables	1,159,082,004	—	—	—	1,159,082,004
Long-term borrowings	4,012,681,409	4,210,414,465	8,831,055,510	1,936,946,270	18,991,097,654
Bonds payable	938,962,073	514,288,844	4,880,318,778	—	6,333,569,695
Long-term payables	759,051,495	625,758,171	522,550,209	4,980,000	1,912,339,875
Lease liabilities	279,383,177	436,538,735	446,932,743	205,489,593	1,368,344,248
Total	<u>16,549,504,344</u>	<u>5,787,000,215</u>	<u>14,680,857,240</u>	<u>2,147,415,863</u>	<u>39,164,777,662</u>

31 December 2024

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	299,712,860	—	—	—	299,712,860
Notes payable	675,782,946	—	—	—	675,782,946
Accounts payable	7,744,026,328	—	—	—	7,744,026,328
Other payables	1,011,487,419	—	—	—	1,011,487,419
Long-term borrowings	3,451,076,073	3,681,246,932	6,027,300,676	415,935,322	13,575,559,003
Bonds payable	2,634,121,084	865,264,497	1,783,635,281	—	5,283,020,862
Long-term payables	637,661,438	408,242,131	473,814,928	22,401,281	1,542,119,778
Lease liabilities	314,349,444	276,907,305	570,614,159	413,930,657	1,575,801,565
Total	<u>16,768,217,592</u>	<u>5,231,660,865</u>	<u>8,855,365,044</u>	<u>852,267,260</u>	<u>31,707,510,761</u>

(3) Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term liabilities with a floating interest rate. The Group mitigates the risk by monitoring closely the movements in interest rates, reviewing its borrowings regularly and using financial derivatives such as interest rate swaps flexibly.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS *(continued)*

1. Risks of financial instruments *(continued)*

(3) Market risk (continued)

Interest rate risk (continued)

As the end of December 2025, the Group's RMB borrowings with floating interest rates amounted to RMB16,589,079,175, and the USD long-term borrowings with floating interest rates amounted to RMB201,808,973.

The following table presents a sensitivity analysis of the interest rate risk on RMB long-term borrowings, reflecting the effect that a reasonable and probable change in interest rates would have on net profit or loss (through the impact on floating-rate borrowings) and on other comprehensive income, net of tax, under the assumption that all other variables are held constant.

31 December 2025

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100	(161,313,183)	—	(161,313,183)
RMB	(100)	161,313,183	—	161,313,183

31 December 2024

	Increase/ (decrease) in basis points	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
RMB	100	(115,919,757)	—	(115,919,757)
RMB	(100)	115,919,757	—	115,919,757

Foreign exchange risk

The Group has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies.

In addition, the Group has currency exposures from its foreign currency borrowings.

The table below presents the sensitivity analysis of foreign exchange risk. It presents the impact on net profit or loss and net other comprehensive income after tax, under the assumption that all other variables remain constant and the exchange rate changes are reasonable and probable.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS *(continued)*

1. Risks of financial instruments *(continued)*

(3) Market risk (continued)

Foreign exchange risk (continued)

31 December 2025

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
TZS depreciated against USD	5	(9,719,679)	—	(9,719,679)
TZS appreciated against USD	(5)	9,719,679	—	9,719,679
NPR depreciated against USD	5	(60,410,030)	—	(60,410,030)
NPR appreciated against USD	(5)	60,410,030	—	60,410,030
RMB depreciated against USD	5	14,600,087	211,930	14,812,017
RMB appreciated against USD	(5)	(14,600,087)	(211,930)	(14,812,017)

31 December 2024

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other net comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
TZS depreciated against USD	5	(38,284,490)	—	(38,284,490)
TZS appreciated against USD	(5)	38,284,490	—	38,284,490
NPR depreciated against USD	5	(60,850,065)	—	(60,850,065)
NPR appreciated against USD	(5)	60,850,065	—	60,850,065
RMB depreciated against USD	5	32,617,487	467,661	33,085,148
RMB appreciated against USD	(5)	(32,617,487)	(467,661)	(33,085,148)

2. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and to maintain an optimal capital structure.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to owners, return capital to owners or issue new shares. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 December 2025 and 31 December 2024.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS (continued)

2. Capital management (continued)

The Group monitors capital using a debt-to-asset ratio, which is calculated by dividing the total debts of the business by the total assets. The Asset-liability ratio of the Group as at the balance sheet date was as follows:

	31 December 2025	31 December 2024
Total liabilities	43,673,853,595	34,614,884,740
Total assets	81,073,095,481	69,512,689,187
Asset-liability ratio	54%	50%

3. Transfer of financial assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Status of derecognition	Basis for determining derecognition
Endorsed/Discounted Bills	Notes receivable	409,546,995	Not derecognised	Retained substantially all the risks and rewards, including default risks associated
Endorsed/Discounted Bills	Receivables financing	2,376,035,196	Derecognised	Transferred substantially all the risks and rewards
Factoring	Accounts receivable	346,928,295	Derecognised	Transferred substantially all the risks and rewards
Total		<u>3,132,510,486</u>		

As 31 December 2025, the financial assets derecognised due to transfer are as follows:

	Transfer method of financial assets	Amount of financial assets derecognised	Losses related to derecognition
Receivables financing	Endorsed	2,376,035,196	—
Accounts receivable	Factoring	<u>346,928,295</u>	<u>1,676,680</u>
Total		<u>2,722,963,491</u>	<u>1,676,680</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS *(continued)*

3. Transfer of financial assets *(continued)*

At 31 December 2025, the transferred financial assets that continued to be involved in the transfer are as follows:

		Amount of assets that continued to be involved int	Amount of liabilities that continued to be involved in
Notes receivable	Endorsed bills	<u>409,546,995</u>	<u>409,546,995</u>
Total		<u><u>409,546,995</u></u>	<u><u>409,546,995</u></u>

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks (the “Endorsed Bills”) with a carrying amount of RMB409,546,995 (31 December 2024: RMB114,931,747) to certain of its suppliers in order to settle the accounts payable due to such suppliers. In the opinion of the Group, the Group has retained substantially all the risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated accounts payable settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the accounts payable settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB409,546,995 (31 December 2024: RMB114,931,747).

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

At 31 December 2025, the Group endorsed certain bills receivable accepted by banks (the “Derecognised Bills”) to certain of its suppliers in order to settle the accounts payable due to such suppliers with a carrying amount in aggregate of RMB2,376,035,196 (31 December 2024: RMB2,280,249,072). The Derecognised Bills had a maturity of 1 to 12 months at 31 December 2025. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the “Continuing Involvement”). In the opinion of the Group, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated amounts payable. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

IX. FINANCIAL INSTRUMENTS AND RELATED RISKS (continued)

3. Transfer of financial assets (continued)

Transferred financial assets that are derecognised in their entirety in which continuing involvement exists (continued)

As part of its normal business operations, the Group entered into an accounts receivable factoring arrangement (the "Arrangement") with some supply chain financial platforms and transferred certain accounts receivable to the Group's creditors in the supply chain platforms or discounted the accounts receivable to a bank. The Group is not exposed to the risk of default of the debtors of the receivables after the transfer. Subsequent to the transfer or discount, the Group did not retain any rights to use the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The carrying value of the receivables transferred under the Arrangement amounted to RMB272,638,590 (31 December 2024: RMB160,849,602). The carrying value of the receivables discounted under the Arrangement amounted to RMB74,289,705 (31 December 2024: RMB58,551,101).

During the year ended 31 December 2025, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

X. FAIR VALUE

1. Assets and liabilities measured at fair value

31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Financial assets at fair value through profit or loss	42,645,476	—	—	42,645,476
1. Financial assets held for trading	1,660,727	—	—	1,660,727
2. Other non-current financial assets	40,984,749	—	—	40,984,749
Receivables financing	—	488,921,677	—	488,921,677
Other equity investments	—	—	1,169,235,616	1,169,235,616
Total	42,645,476	488,921,677	1,169,235,616	1,700,802,769

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

X. FAIR VALUE (continued)

1. Assets and liabilities measured at fair value (continued)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Bonds payable – preferred shares	–	–	152,286,381	152,286,381
Total	–	–	152,286,381	152,286,381

31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Financial assets at fair value through profit or loss	69,848,646	–	–	69,848,646
1. Financial assets held for trading	31,704,908	–	–	31,704,908
2. Other non-current financial assets	38,143,738	–	–	38,143,738
Receivables financing	–	511,791,354	–	511,791,354
Other equity investments	–	–	934,524,059	934,524,059
Total	69,848,646	511,791,354	934,524,059	1,516,164,059

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Recurring fair value measurements				
Bonds payable – preferred shares	–	–	149,725,053	149,725,053
Total	–	–	149,725,053	149,725,053

2. Quoted prices in active markets (Level 1)

The fair value of listed equity investments is measured using quoted market prices.

3. Level 2 fair value measurements

The Group uses the present value of cash flow method to determine the fair value of receivable financing, and the fair value is similar to the carrying amount.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

X. FAIR VALUE *(continued)*

4. Level 3 fair value measurements

The Group's finance department is responsible for formulating policies and procedures for the fair value measurement of financial instruments. On each balance sheet date, the finance department analyses changes in the value of financial instruments and determines the key inputs applicable for valuation. Valuations must be reviewed and approved by the Chief Financial Officer.

Financial assets measured at Level 3 fair value held by the Group include unlisted equity investments Project 1 and Project 2. The Group uses the comparable company method to assess the fair value for unlisted equity investment Project 1, with key parameters mainly including a liquidity discount. Since the overall balance of Project 1 is relatively small, changes in its parameters have little impact on the Group. When assessing the fair value of unlisted equity investment Project 2, the Group separates the investee company into significant assets or asset groups for fair value assessment, using methods including the asset-based approach, market approach, and income approach. The Group needs to estimate the key parameters used in the assessment process.

Among them, the mining rights of the company and the fair value of its long-term equity investments have a significant impact on the Group. In the valuation process, the valuation methods and key unobservable inputs mainly include: 1) For the valuation of the investee company's mining rights, the valuation method is the discounted cash flow method, and the main unobservable inputs are the weighted average cost of capital and gross margin; 2) For the valuation of the long-term equity investments held by the investee company, the valuation methods are the market approach and the comparable company method, and the main unobservable input is the liquidity discount.

The following is a sensitivity analysis of significant unobservable inputs for the equity investment in non-listed company 2:

1) *Weighted average cost of capital used in the valuation of mining rights*

At 31 December 2025, if the weighted average cost of capital used for the valuation of mining rights had been 1 basis point higher, with all other variables held constant, the Company's balance of the equity investment in non-listed company 2 would have decreased by RMB3,495,518. At 31 December 2025, if the weighted average cost of capital used for the valuation of mining rights had been 1 basis point lower, with all other variables held constant, the Company's balance of the equity investment in non-listed company 2 would have increased by RMB3,752,893.

2) *Gross profit margin used for the valuation of mining rights*

At 31 December 2025, if the gross profit margin adopted for the valuation of mining rights had been 1 basis point higher/lower, with all other variables held constant, the Company's balance of the equity investment in non-listed company 2 would have increased/decreased by RMB1,784,139.

3) *Liquidity discount*

At 31 December 2025, if the liquidity discount had been 1 basis point higher/lower, with all other variables held constant, the Company's balance of the equity investment in non-listed company 2 would have increased/decreased by RMB467,416.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

X. FAIR VALUE (continued)

4. Level 3 fair value measurements (continued)

3) Liquidity discount (continued)

The Group's financial liabilities measured at fair value based on Level 3 inputs include bonds payable — preferred shares. The Group's valuation method for bonds payable — preferred shares is the discounted cash flow method, with key parameters including the bond discount rate, stock price volatility, etc. Since the overall balance is relatively small, the impact of changes in these parameters on the Group is minimal.

5. Adjustment of fair value measurements

Information on the adjustment of persistent level 3 fair value measurements

2025

	Total gains or losses for the current period					Closing balance	Changes in unrealised gains or losses included in profit or loss for assets held at end of year
	Opening balance	Included in profit or loss	Included in other comprehensive income	Purchase	Sale		
Equity instrument investments	934,524,059	—	234,711,557	—	—	1,169,235,616	—
Bonds payable — preference shares	149,725,053	2,561,328	—	—	—	152,286,381	—

2024

	Total gains or losses for the current period					Closing balance	Changes in unrealised gains or losses included in profit or loss for assets held at end of year
	Opening balance	Included in profit or loss	Included in other comprehensive income	Purchase	Sale		
Equity instrument investments	964,633,899	—	(30,109,840)	—	—	934,524,059	—
Bonds payable — preference shares	147,690,327	2,034,726	—	—	—	149,725,053	—

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XI. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS

1. Major shareholders of the Company

	Registered office	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)
Holchin B.V.	Amsterdam, Netherlands	Establishment of companies and other enterprises; acquisition, management, supervision and transfer of shares and other interests in legal persons, companies and enterprises	EUR100,000	40.19	41.81
Huaxin Group Limited	Huangshi City, Hubei Province	Manufacture and sale of cement products, machinery parts, real estate development, commerce, services, etc.	RMB340,000,000	16.26	16.26

Holchin B.V. is the Company's largest shareholder and its ultimate holding shareholder is Holcim Ltd. Holpac Limited, the person acting in concert of Holchin B.V., holds 1.62% of equity in the Company. Therefore, Holchin B.V. maintains 41.81% of voting rights in the Company.

2. Subsidiaries

For details on the subsidiaries, please refer to Note VIII. 1.

3. Joint ventures and associates

For details on the joint ventures and associates, please refer to Note VIII. 2.

4. Other related parties

	Relationship with Related Parties
LAFARGE ASIA SDN BHD	Controlled by Holcim Ltd.
Mbeya Cement Company	Controlled by Holcim Ltd.
Lafarge Cement Zimbabwe Limited	Controlled by Holcim Ltd.
Hima Cement Ltd.	Controlled by Holcim Ltd.
Bamburi Cement Limited	Controlled by Holcim Ltd.
Holcim Group Services	Controlled by Holcim Ltd.
LAFARGE SA	Controlled by Holcim Ltd.
Holcim Trading Ltd.	Controlled by Holcim Ltd.
Holcim Technology Co., LTD	Controlled by Holcim Ltd.
Lafarge Industries South Africa (Pty) Co., LTD	Controlled by Holcim Ltd.
Dujiangyan Lafarge Cement Co., LTD	Controlled by Holcim Ltd.
Xinyang Xinxin Mining Co., LTD	Associate of the Group
Mondi Oman LLC	Associate of the Group
Shanghai Wan'an Huaxin Building Materials Group Co., Ltd.	Associate of the Group
Tibet Rikaze Hi-Tech Xuelian Cement Co., LTD	Subsidiary of the Group's associate
Rikaze High-Tech Environmental Engineering Co., LTD	Subsidiary of the Group's associate
Huangshi State-owned Assets Operation Co., Ltd.	Parent company of a shareholder with significant influence on the company

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XI. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS *(continued)*

5. Major transactions of the Group with related parties

(1) *Transactions concerning goods and services with related parties*

Purchases of goods and receipts of services from related parties

	Contents of transaction	2025	2024
Mondi Oman LLC	Procurement of materials/ equipment	27,722,173	37,247,556
Xinyang Xinxin Mining Co., LTD	Procurement of materials/ equipment	18,028,224	9,486,129
Tibet Huaxin New Aggregate Co., LTD	Procurement of materials/ equipment	7,862,176	5,369,383
Total		<u>53,612,573</u>	<u>52,103,068</u>

Sales of goods and services to related parties

	Contents of transaction	2025	2024
Tibet Shigatse High-tech Xuelian Cement Co., LTD	Sales of goods	20,941,597	15,010,472
Rikaze High-Tech Environmental Engineering Co., LTD	Sales of goods	10,092,478	755,047
Rikaze High-Tech Environmental Engineering Co., LTD	Service fees, etc.	6,769,506	4,755
Tibet Shigatse High-tech Xuelian Cement Co., LTD	Service fees, etc.	4,912,787	5,181,347
Tibet Huaxin New Aggregate Co., LTD	Service fees, etc.	2,555,875	2,341,072
Dujiangyan Lafarge Cement Co., LTD	Sales of goods	1,467,343	627,496
Shanghai Wan'an Huaxin Cement Co., Ltd.	Service fees, etc.	434,047	—
Huaxin Group Co., LTD	Service fees, etc.	152,148	49,032
Huaxin Group Co., LTD	Sales of goods	42,478	69,005
Tibet Huaxin New Aggregate Co., LTD	Sales of goods	—	2,970,392
Total		<u>47,368,259</u>	<u>27,008,618</u>

The Group purchases/sells goods from/to related parties and accepts/provides services based on market price negotiations and in accordance with the terms of agreements signed between the Group and the related parties.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XI. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS *(continued)*

5. Major transactions of the Group with related parties *(continued)*

(2) Equity Acquisition

In August 2025, the Group acquired 83.81% of the shares of Lafarge Africa Plc from Holderfin B.V., with a transaction price of USD773,860,707, equivalent to RMB5,552,796,928.

6. Amounts due from/to related parties

(1) Accounts receivable

	31 December 2025	31 December 2024
Rikaze High-Tech Environmental Engineering Co., LTD	7,765,872	854,445
Tibet Rikaze Hi-Tech Xuelian Cement Co., LTD	6,768,618	109,235
Shanghai Wanan Huaxin Building Materials Group Co., Ltd.	1,000,000	1,000,000
Dujiangyan Lafarge Cement Co., LTD	766,666	16,877
Lafarge Cement Zimbabwe Limited	27,854	28,268
Total	<u>16,329,010</u>	<u>2,008,825</u>

(2) Accounts payable

	31 December 2025	31 December 2024
Hima Cement Ltd.	1,235,605	1,244,117
Bamburi Cement Limited	561,626	569,979
Xinyang Xinxin Mining Co., LTD	—	5,813,332
Tibet Huaxin New Aggregate Co., LTD.	—	3,586,718
Total	<u>1,797,231</u>	<u>11,214,146</u>

(3) Other accounts receivable — dividends receivable

	31 December 2025	31 December 2024
Huangshi State-owned Assets Operation Co., Ltd.	19,385,311	41,073,612
Total	<u>19,385,311</u>	<u>41,073,612</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XI. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS *(continued)*

6. Amounts due from/to related parties *(continued)*

(4) Other accounts payable

	31 December 2025	31 December 2024
Holcim Technology Ltd.	102,902,248	—
Tibet Rikaze Hi-Tech Xuelian Cement Co., LTD	3,376,292	277,833
LAFARGE SA	232,741	—
Mbeya Cement Company	76,304	77,440
Rikaze High-Tech Environmental Engineering Co., LTD	7,339	—
Lafarge Asia SDN BHD	—	409,394
Total	<u>106,594,924</u>	<u>764,667</u>

(5) Prepayments

	31 December 2025	31 December 2024
Xinyang City Xinxin Mining Co., Ltd.	3,000,000	—
Total	<u>3,000,000</u>	<u>—</u>

XII. SHARE-BASED PAYMENT

1. Equity instruments

Employee Stock Ownership Plan 2023–2025

On 20 July 2023, the company's shareholders' meeting reviewed and approved the "Proposal on the Company's 2023–2025 Key Employee Stock Ownership Plan (Draft)" (hereinafter referred to as the "2023 Stock Ownership Plan"), granting restricted shares at zero price to directors, supervisors, senior management, and other personnel. The 2023 Stock Ownership Plan is implemented in three phases: 2023, 2024, and 2025. The shares obtained under each phase of the stock ownership plan are unlocked in three instalments (upon meeting performance conditions), with the unlocking dates being 12 months, 24 months, and 36 months after the date when the company announces that the last portion of the subject shares has been transferred to the account under the current phase of the stock ownership plan. The unlocking ratio for each phase is 30%, 30%, and 40% of the shares that can be vested.

On 27 May 2025, the company's board of directors reviewed and approved the "Proposal on the Grant Results of the Company's 2023–2025 Key Employee Stock Ownership Plan Phase II (2024) Key Employee Stock Ownership Plan," under which a total of 725,184 shares in the second phase (2024) of the key employee stock ownership plan could not vest, and the actual final grant was 2,565,041 shares.

On 27 May 2025, the company's board of directors approved the proposal on the third phase (2025) of the core employee shareholding plan for the period of 2023 to 2025. A total of 2,993,006 shares were granted under the third phase (2025) core employee shareholding plan.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XII. SHARE-BASED PAYMENT (continued)

1. Equity instruments (continued)

Employee Stock Ownership Plan 2023–2025 (continued)

The equity instruments granted are as follows:

	Granted during the year	Unlocked during the year	Lapsed during the year
Management staff	2,462,095	1,218,772	548,006
Sales staff	312,164	235,707	128,196
Research staff	178,038	97,826	27,959
Production staff	40,709	19,892	21,023
Total	<u>2,993,006</u>	<u>1,572,197</u>	<u>725,184</u>

The number of outstanding A-share restricted stock awards under the Employee Stock Ownership Plan 2023–2025 as of the year-end is as follows:

	Quantities
Management staff	4,920,100
Sales staff	523,817
Research staff	317,814
Production staff	97,285
Total	<u>5,859,016</u>

2025 A-Share Restricted Stock Incentive Plan

On 3 October 2025, the 18th meeting of the 11th Board of Directors of the company approved the proposal on the “Draft of the 2025 A-share Restricted Stock Incentive Plan (Draft) and its Summary” (hereinafter referred to as the “2025 Incentive Plan”). According to the plan, it is proposed to grant no more than 2.578 million restricted shares to the incentive recipients. On 12 November 2025, the company’s 2025 Fourth Extraordinary General Meeting approved the 2025 Incentive Plan. The grant price for the A-share restricted stocks under the 2025 Incentive Plan was initially set at RMB9.24 per share. However, following the distribution of cash dividends of RMB0.34 per share for the first three quarters of 2025, the grant price was adjusted to RMB8.90 per share. On 9 December 2025, the 20th meeting of the 11th Board of Directors approved the proposal on “Granting A-share Restricted Stocks to Incentive Recipients.” On the grant date of 9 December 2025, a total of 2.578 million A-share restricted stocks were granted to 11 incentive recipients.

	Granted during this year	Unlocked during this year	Expired during this year
Management staff	<u>2,578,000</u>	—	—
Total	<u>2,578,000</u>	<u>—</u>	<u>—</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XII. SHARE-BASED PAYMENT (continued)

1. Equity instruments (continued)

2025 A-Share Restricted Stock Incentive Plan (continued)

The rights instruments outstanding at the end of the year under the 2025 A-Share restricted stock incentive plan are as follows:

	Quantities
Management staff	2,578,000
Total	<u>2,578,000</u>

2. The equity-settled share-based payments

2025

Methods for determining the fair value of equity instruments on the grant date	The closing price of the company's stock on the grant date
Basis for determining the number of exercisable equity instruments	Assess the company's financial performance indicators and individual performance indicators on an annual basis, and determine the number held by the incentive targets who achieve the assessment goals based on this
The cumulative amount of share-based payments settled in equity included in capital reserves	36,267,865

3. Share-based payment expenses incurred during the year are as follows:

	Expenses of Equity-settled share-based payment
Management staff	24,537,441
Sales staff	3,850,354
Research staff	1,956,513
Production staff	492,975
Total	<u>30,837,283</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XIII. COMMITMENTS AND CONTINGENCIES

1. Commitments

	31 December 2025	31 December 2024
Contracts entered into but not completed		
Capital commitments	2,471,937,759	2,199,237,536
Investment commitments	—	7,366,169,132
Total	<u>2,471,937,759</u>	<u>9,565,406,668</u>

XIV. EVENTS AFTER THE BALANCE SHEET DATE

On 26 March 2026, the Company's Board of Directors convened a meeting and proposed the second profit distribution plan for the year 2025. The proposal is based on the Company's total shares of 2,078,995,649 as of the end of 2025, with a cash dividend of RMB0.21 (inclusive of tax) per share. The above proposal is subject to approval by the shareholders' meeting.

XV. OTHER SIGNIFICANT MATTERS

1. Remuneration for key management personnel

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, was as follows:

	2025	2024
Fees	3,408,000	3,228,000
Salaries and bonus	17,525,043	13,606,398
Social insurance and housing funds	730,668	1,160,165
Share-based payments	2,508,268	2,731,809
Total	<u>24,171,979</u>	<u>20,726,372</u>

(1) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2025	2024
Independent non-executive directors		
Mr. Wong Kun Kau	420,000	360,000
Mr. Zhang Jiping	420,000	360,000
Mr. Jiang Hong	420,000	360,000
Total	<u>1,260,000</u>	<u>1,080,000</u>

No other remuneration should be paid to independent non-executive directors for the year (2024: Nil).

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XV. OTHER SIGNIFICANT MATTERS (continued)

1. Remuneration for key management personnel (continued)

(2) Executive directors

2025

	Fees	Salaries and bonus	Social insurance and housing funds	Share-based Payments	Total
Executive directors					
Mr. Li Yeqing	—	7,714,965	102,074	1,158,941	8,975,980
Mr. Liu Fengshan	—	2,735,043	102,206	472,737	3,309,986
Total	—	10,450,008	204,280	1,631,678	12,285,966

2024

	Fees	Salaries and bonus	Social insurance and housing funds	Share-based Payments	Total
Executive directors					
Mr. Li Yeqing	—	5,310,293	273,017	1,073,442	6,656,752
Mr. Liu Fengshan	—	2,263,860	181,010	494,674	2,939,544
Total	—	7,574,153	454,027	1,568,116	9,596,296

(3) Non-executive directors

The fees paid to non-executive directors during the year are as follows:

	2025	2024
Non-executive directors		
Mr. Xu Yongmo	1,500,000	1,500,000
Mr. Martin Kriegner	216,000	216,000
Ms. Tan Then Hwee	216,000	216,000
Mr. Lo Chi Kong (Note 1)	108,000	216,000
Mr. Olivier Milhaud (Note 2)	108,000	—
Total	2,148,000	2,148,000

No other remuneration should be paid to non-executive directors for the year (2024: Nil).

Note 1: Mr. Lo Chi Kong resigned from his position as a director on 4 June 2025, due to retirement.

Note 2: On 25 June 2025, the company held the 13th meeting of the 11th Board of Directors and elected Mr. Olivier Milhaud as a director of the company.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XV. OTHER SIGNIFICANT MATTERS (continued)

1. Remuneration for key management personnel (continued)

(4) Supervisors (Note)

2025

	Fees	Salaries and bonus	Social insurance and housing funds	Share-based Payments	Total
Supervisors					
Mr. Yang Xiaobing	—	452,565	109,845	36,594	599,004
Mr. Liu Weisheng	—	1,731,380	102,073	139,586	1,973,039
Mr. Zhang Lin	—	1,701,226	102,074	241,325	2,044,625
Mr. Liu Sheng	—	629,827	110,322	51,672	791,821
Mr. Ming Jinhua	—	2,560,037	102,074	407,413	3,069,524
Total	—	7,075,035	526,388	876,590	8,478,013

2024

	Fees	Salaries and bonus	Social insurance and housing funds	Share-based Payments	Total
Supervisors					
Mr. Yang Xiaobing	—	419,540	118,137	41,553	579,230
Mr. Liu Weisheng	—	1,005,982	140,676	122,681	1,269,339
Mr. Zhang Lin	—	1,381,280	147,630	272,071	1,800,981
Mr. Zhu Yaping	—	765,937	42,575	207,020	1,015,532
Mr. Liu Sheng	—	344,866	81,490	58,672	485,028
Mr. Ming Jinhua	—	2,114,640	175,630	461,696	2,751,966
Total	—	6,032,245	706,138	1,163,693	7,902,076

The company held the 20th meeting of the 11th Board of Directors on 9 December 2025, and reviewed and approved the “Proposal on the Abolition of the Supervisory Board and the Revision of Certain Articles of the Articles of Association.” The shareholders’ meeting approved this resolution on 30 December 2025, and the original duties of the board of supervisors were assumed by the audit committee.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XV. OTHER SIGNIFICANT MATTERS (continued)

1. Remuneration for key management personnel (continued)

(5) Five highest paid employees

This year, the five highest paid employees include one director (two in 2024), and their compensation details are set out in Note (2) above. The compensation details of the other four (three in 2024) highest paid employees for this year (who are not directors of the Company) are as follows:

	2025	2024
Salaries and bonus	11,534,469	6,879,740
Social insurance and housing funds	408,295	544,082
Share-based payments	1,850,773	1,492,266
Total	13,793,537	8,916,088

The remuneration distribution of the non-director highest paid employees was as follows:

Remuneration amount of employees

	2025	2024
Less than HKD2,500,000 (RMB2,291,000)	—	—
HKD2,500,001–3,000,000 (RMB2,291,000–2,749,000)	—	—
HKD3,000,001–6,000,000 (RMB2,749,000–5,498,000)	4	3
Total	4	3

2. Segment reporting

Operating segment

For management purposes, the Group is organised into business units based on geographical locations and has two segments:

The Domestic segment is mainly engaged in business activities in China, including the manufacture and sale of cement, concrete, aggregates, clinker and other construction materials.

The Overseas segment is mainly engaged in business activities outside China, including the production and sale of cement, concrete, aggregates, clinker and other construction materials.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is measured consistent with the Group's total profit from continuing operations.

Segment assets exclude deferred tax assets, and segment liabilities exclude deferred tax liabilities.

Pricing for transfers between operating segments is agreed upon by the parties involved with reference to the fair price quoted in transactions with third parties.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XV. OTHER SIGNIFICANT MATTERS (continued)

2. Segment reporting (continued)

Operating segment (continued)

2025

	Domestic segment	Oversea segment	Unallocated amounts	Elimination between segments	Total
Segment revenue	24,989,208,953	11,806,725,419	—	(1,447,654,612)	35,348,279,760
Revenue from inter-segment	1,447,654,612	—	—	(1,447,654,612)	—
Revenue from external customers	23,541,554,341	11,806,725,419	—	—	35,348,279,760
Segment costs	18,879,434,573	6,827,206,754	—	(1,040,382,584)	24,666,258,743
Costs to inter-segment	1,040,382,584	—	—	(1,040,382,584)	—
Costs to external customers	17,839,051,989	6,827,206,754	—	—	24,666,258,743
Investment income accounted for using the equity method	25,544,754	2,093,048	—	—	27,637,802
Total profit	2,388,376,624	2,852,173,288	—	(290,313,981)	4,950,235,931
Depreciation and amortisation	2,899,511,471	753,953,649	—	—	3,653,465,120
Total assets	67,951,232,338	29,718,941,482	752,940,769	(17,350,019,108)	81,073,095,481
Total liabilities	37,929,118,694	13,803,590,723	2,491,502,396	(10,550,358,218)	43,673,853,595
Total non-current assets	40,661,460,637	20,011,272,187	—	—	60,672,732,824
Long-term equity investments accounted for using the equity method	563,871,078	24,429,694	—	—	588,300,772
Increase in other non-current assets, excluding long-term equity investments	37,198,078,090	19,232,888,844	—	—	56,430,966,934

Note: The non-current assets exclude debt investments, other equity investments, other non-current financial assets, long-term receivables and deferred tax assets.

2024

	Domestic segment	Oversea segment	Unallocated amounts	Elimination between segments	Total
Segment revenue	27,191,146,267	7,984,035,208	—	(957,833,748)	34,217,347,727
Revenue from inter-segment	957,833,748	—	—	(957,833,748)	—
Revenue from external customers	26,233,312,519	7,984,035,208	—	—	34,217,347,727
Segment costs	21,204,619,774	5,350,305,226	—	(784,403,159)	25,770,521,841
Costs to inter-segment	784,403,159	—	—	(784,403,159)	—
Costs to external customers	20,420,216,615	5,350,305,226	—	—	25,770,521,841
Investment income accounted for using the equity method	28,592,509	3,304,223	—	—	31,896,732
Total profit	2,605,787,115	1,604,502,645	—	(98,382,468)	4,111,907,292
Depreciation and amortisation	3,212,940,151	692,013,563	—	—	3,904,953,714
Total assets	64,395,867,064	12,991,785,734	832,960,280	(8,707,923,891)	69,512,689,187
Total liabilities	31,686,543,659	4,892,204,579	1,109,442,589	(3,073,306,087)	34,614,884,740
Total non-current assets	42,250,630,023	9,618,105,879	—	—	51,868,735,902
Long-term equity investments accounted for using the equity method	557,627,670	27,124,784	—	—	584,752,454
Increase in other non-current assets, excluding long-term equity investments	(497,058,301)	528,587,162	—	—	31,528,861

Note: The non-current assets exclude debt investments, other equity investments, other non-current financial assets, long-term receivables and deferred tax assets.

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Ageing analysis of accounts receivable

The credit periods of accounts receivable are generally 1 to 6 months. Accounts receivable are non-interest bearing.

	31 December 2025	31 December 2024
Within 6 months	307,317,476	431,620,119
6 to 12 months	84,014,651	168,626,047
1 to 2 years	42,458,370	42,541,254
2 to 3 years	2,768,562	32,061,110
Over 3 years	27,079,183	17,867,621
	463,638,242	692,716,151
Less: Impairment allowance	18,547,787	19,763,196
Total	445,090,455	672,952,955

(2) Disclosure by bad debt provision method

	31 December 2025				Carrying value
	Balance of carrying amount	Provision for bad debts		Proportion of provision (%)	
	Amount	Proportion (%)	Amount		
Receivables for which bad debt provision is assessed on an individual basis	445,714,586	96	17,085,513	4	428,629,073
Receivables for which bad debt provision is assessed on a portfolio basis	17,923,656	4	1,462,274	8	16,461,382
Total	463,638,242		18,547,787		445,090,455

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosure by bad debt provision method (continued)

	31 December 2024				Carrying value
	Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables for which bad debt provision is assessed on an individual basis	681,603,010	98	17,355,079	3	664,247,931
Receivables for which bad debt provision is assessed on a portfolio basis	<u>11,113,141</u>	<u>2</u>	<u>2,408,117</u>	<u>22</u>	<u>8,705,024</u>
Total	<u>692,716,151</u>		<u>19,763,196</u>		<u>672,952,955</u>

As at 31 December 2025, receivables for which bad debt provision is assessed on an individual basis are as follows:

	Carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Customer B	11,236,170	11,236,170	100	All uncollectible
Others	<u>434,478,416</u>	<u>5,849,343</u>	1	Partly uncollectible
Total	<u>445,714,586</u>	<u>17,085,513</u>		

As at 31 December 2024, receivables for which bad debt provision is assessed on an individual basis are as follows:

	Carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Customer B	11,491,305	11,491,305	100	All uncollectible
Others	<u>670,111,705</u>	<u>5,863,774</u>	1	Partly uncollectible
Total	<u>681,603,010</u>	<u>17,355,079</u>		

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosure by bad debt provision method (continued)

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of cement receivables:

	31 December 2025		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	537,407	1	3,250
6 to 12 months	16,940	2	347
1 to 2 years	—	—	—
2 to 3 years	—	—	—
Over 3 years	5,911	100	5,911
Total	<u>560,258</u>		<u>9,508</u>

	31 December 2024		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	—	—	—
6 to 12 months	—	—	—
1 to 2 years	—	—	—
2 to 3 years	—	—	—
Over 3 years	5,911	100	5,911
Total	<u>5,911</u>		<u>5,911</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Disclosure by bad debt provision method (continued)

Receivables for which bad debt provision is assessed on a portfolio basis are as follows:

Category of other business receivables:

	31 December 2025		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	10,611,486	2	243,965
6 to 12 months	5,833,879	7	402,256
1 to 2 years	29,405	14	4,096
2 to 3 years	—	—	—
Over 3 years	888,628	90	802,449
Total	<u>17,363,398</u>		<u>1,452,766</u>

	31 December 2024		
	Estimated gross carrying amount at default	Expected credit loss rate (%)	Lifetime ECLs
Within 6 months	1,262,216	5	63,112
6 to 12 months	—	—	—
1 to 2 years	8,956,386	18	1,612,149
2 to 3 years	384,960	58	223,277
Over 3 years	503,668	100	503,668
Total	<u>11,107,230</u>		<u>2,402,206</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(3) Details of bad debt provisions

The movements in the impairment allowance for accounts receivable are as follows:

	Opening balance	Provision	Recovered or reversal	Write-off	Closing balance
2025	19,763,196	1,999,800	(3,215,209)	—	18,547,787
Total	19,763,196	1,999,800	(3,215,209)	—	18,547,787

	Opening balance	Provision	Recovered or reversal	Write-off	Closing balance
2024	18,174,514	1,693,737	(94,019)	(11,036)	19,763,196
Total	18,174,514	1,693,737	(94,019)	(11,036)	19,763,196

(4) Top five amounts of accounts receivable

	31 December 2025			
	Closing balance of accounts receivable	Percentage of the total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable	Closing net value of accounts receivable
First	62,820,633	14	—	62,820,633
Second	49,167,282	11	—	49,167,282
Third	43,597,349	9	—	43,597,349
Fourth	42,365,467	9	—	42,365,467
Fifth	38,497,502	8	—	38,497,502
Total	236,448,233		—	236,448,233

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(4) Top five amounts of accounts receivable (continued)

	31 December 2024			
	Closing balance of accounts receivable	Percentage of the total closing balance of accounts receivable (%)	Closing balance of bad debt provision for accounts receivable	Closing net value of accounts receivable
First	294,807,262	43	—	294,807,262
Second	52,750,055	8	—	52,750,055
Third	27,786,346	4	—	27,786,346
Fourth	24,321,294	4	—	24,321,294
Fifth	16,594,062	2	—	16,594,062
Total	<u>416,259,019</u>		<u>—</u>	<u>416,259,019</u>

2. Other receivables

	31 December 2025	31 December 2024
Interest receivables	170	170
Dividends receivable	236,463,688	514,173,613
Other receivables	<u>12,376,550,337</u>	<u>7,930,488,793</u>
Total	<u>12,613,014,195</u>	<u>8,444,662,576</u>

Other receivables

(1) Ageing analysis of other receivables

	31 December 2025	31 December 2024
Within 1 year	5,635,366,465	2,356,325,716
1 to 2 years	2,281,235,424	2,440,831,954
2 to 3 years	1,757,646,350	886,373,344
Over 3 years	<u>2,748,477,491</u>	<u>2,293,140,487</u>
Less: Impairment allowance	<u>46,175,393</u>	<u>46,182,708</u>
Total	<u>12,376,550,337</u>	<u>7,930,488,793</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables *(continued)*

(2) Other receivables classified by nature

	31 December 2025	31 December 2024
Amounts due from subsidiaries and related parties	12,337,093,879	7,915,548,609
Margin and deposits	70,838,081	51,610,505
Others	14,793,770	9,512,387
Total	<u>12,422,725,730</u>	<u>7,976,671,501</u>

(3) Bad debt provisions

Changes in the impairment allowance for other receivables are as follows:

	31 December 2025	31 December 2024
Opening balance	46,182,708	46,804,455
Accrual	—	6,832
Reversal	(7,315)	(628,579)
Closing balance	<u>46,175,393</u>	<u>46,182,708</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS *(continued)*

2. Other receivables *(continued)*

(4) Top five amounts of other receivables

31 December 2025

	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature	Ageing	Closing balance of provision for bad debts
First	3,301,287,233	27	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years	—
Second	1,880,196,543	15	Amounts due from subsidiaries	Within 1 year, 1-2 years	—
Third	1,037,830,970	8	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, Over 3 years	—
Fourth	734,726,943	6	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, Over 3 years	—
Fifth	683,634,031	6	Amounts due from subsidiaries	Within 1 year, 1-2 years	—
Total	<u>7,637,675,720</u>	<u>62</u>			<u>—</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(4) Top five amounts of other receivables (continued)

31 December 2024

	Closing balance	Percentage of the total closing balance of other receivables (%)	Nature	Ageing	Closing balance of provision for bad debts
First	2,055,866,300	26	Amounts due from subsidiaries	Within 1 year, 1-2 years	—
Second	1,050,407,593	13	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, Over 3 years	—
Third	603,036,417	8	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, Over 3 years	—
Fourth	507,846,159	6	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years, Over 3 years	—
Fifth	450,113,090	6	Amounts due from subsidiaries	Within 1 year, 1-2 years, 2-3 years	—
Total	<u>4,667,269,559</u>	<u>59</u>			<u>—</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments

Cost method:

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Closing and opening balances of impairment provision	Percentage of shareholding	Percentage of voting right	Cash dividends for the year
Huaxin Cement (Yangxin) Co., LTD	653,713,479	653,713,479	—	653,713,479	—	100%	100%	72,410,000
Huaxin Cement (Wuxue) Co., LTD	300,000,000	300,000,000	—	300,000,000	—	100%	100%	420,000,000
Huaxin Cement (Chibi) Co., LTD	140,000,000	140,000,000	—	140,000,000	—	100%	100%	43,180,000
Huaxin Cement (Yichang) Co., LTD	505,589,562	505,589,562	—	505,589,562	—	100%	100%	160,000,000
Huaxin Cement (Xiangyang) Co., LTD	140,000,000	140,000,000	—	140,000,000	—	100%	100%	130,000,000
Huaxin Cement (Enshi) Co., LTD	40,200,000	40,200,000	—	40,200,000	—	67%	67%	—
Huaxin Cement (Zhaotong) Co., LTD	60,000,000	60,000,000	—	60,000,000	—	60%	60%	25,140,000
Huaxin Cement (Tibet) Co., LTD	50,000,000	50,000,000	—	50,000,000	—	79%	79%	118,500,000
Huaxin Cement (Wuhan) Co., LTD	42,000,000	42,000,000	—	42,000,000	42,000,000	70%	70%	42,000,000
Wuhan Ganghua Cement Co., LTD	20,000,000	20,000,000	—	20,000,000	—	50%	50%	—
Huaxin Cement (Xiantao) Co., LTD	14,658,136	14,658,136	—	14,658,136	—	80%	80%	—
Huaxin Cement (Yueyang) Co., LTD	59,500,000	59,500,000	—	59,500,000	—	68%	68%	—
Huaxin Concrete (Wuhan) Co., LTD	568,802,159	568,802,159	—	568,802,159	—	100%	100%	—
Huaxin Cement (Henan Xinyang) Co., LTD	200,000,000	200,000,000	—	200,000,000	—	100%	100%	—
Huangshi Huaxin Cement Research and Design Co., LTD	990,000	990,000	—	990,000	—	99%	99%	—
Hubei Dailing Future Environmental Protection Packaging Technology Co., LTD	60,229,648	60,229,648	—	60,229,648	—	100%	100%	5,000,000
Huaxin Cement (Zigui) Co., LTD	240,000,000	240,000,000	—	240,000,000	—	100%	100%	110,000,000
Huaxin Cement (Zhuzhou) Co., LTD	340,000,000	340,000,000	—	340,000,000	—	100%	100%	—
Huaxin Cement (Chenzhou) Co., LTD	220,000,000	220,000,000	—	220,000,000	—	100%	100%	40,000,000
Huaxin Cement (Macheng) Co., LTD	65,000,000	65,000,000	—	65,000,000	—	100%	100%	—
Huaxin Cement (Hefeng) National Building Materials Co., LTD	44,700,483	44,700,483	—	44,700,483	—	51%	51%	1,530,000
Huaxin Cement Technology Management (Wuhan) Co., LTD	20,000,000	20,000,000	—	20,000,000	—	100%	100%	—
Huaxin (Huangshi) Logistics Co., LTD	20,000,000	20,000,000	—	20,000,000	—	100%	100%	1,000,000
Huaxin Cement Xiangyang Xiangcheng Co., LTD	40,000,000	40,000,000	—	40,000,000	—	100%	100%	20,000,000
Huaxin Cement (Quxian) Co., LTD	240,000,000	240,000,000	—	240,000,000	—	100%	100%	150,000,000
Huaxin Cement (Wanyuan) Co., LTD	190,000,000	190,000,000	—	190,000,000	—	94%	94%	60,000,000
Huaxin Cement Chongqing Fuling Co., LTD	200,000,000	200,000,000	—	200,000,000	—	100%	100%	46,000,000
Huaxin Hongta Cement (Jinghong) Co., LTD	91,601,080	91,601,080	—	91,601,080	—	51%	51%	16,565,854
Huaxin Cement (Changyang) Co., LTD	197,590,806	197,590,806	—	197,590,806	—	100%	100%	—
Huaxin Cement (Dao xian) Co., LTD	180,000,000	180,000,000	—	180,000,000	—	100%	100%	—
Huaxin Cement (Kunming Dongchuan) Co., LTD	140,000,000	140,000,000	—	140,000,000	—	100%	100%	—
Huaxin Cement (Jingzhou) Co., LTD	70,800,000	70,800,000	—	70,800,000	—	88%	88%	—
Huaxin Cement (Fangxian) Co., LTD	30,124,664	30,124,664	—	30,124,664	—	70%	70%	—
Huaxin Cement (Lengshuijiang) Co., LTD.	180,000,000	180,000,000	—	180,000,000	—	90%	90%	153,000,000
Huaxin Cement (Diqing) Co., LTD	65,550,000	65,550,000	—	65,550,000	—	69%	69%	27,600,000
Huaxin Environmental Engineering Co., LTD	1,000,000,000	1,000,000,000	—	1,000,000,000	—	100%	100%	—
Huaxin Jinlong Cement (Yunxian) Co., LTD	363,802,268	363,802,268	—	363,802,268	—	80%	80%	—

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

Cost method: (continued)

	Investment cost	Opening balance	Increase/decrease for the year	Closing balance	Closing and opening balances of impairment provision	Percentage of shareholding	Percentage of voting right	Cash dividends for the year
Huaxin Central Asia Investment (Wuhan) Co., LTD	388,623,689	388,623,689	—	388,623,689	—	100%	100%	98,516,251
Huaxin Cement Suizhou Co., LTD	24,600,000	24,600,000	—	24,600,000	—	60%	60%	—
Huaxin Cement (Sangzhi) Co., LTD	120,000,000	120,000,000	—	120,000,000	—	80%	80%	—
Huaxin Concrete Co., LTD	255,000,000	255,000,000	—	255,000,000	—	100%	100%	—
Huaxin Aggregate Co., LTD	258,100,000	258,100,000	—	258,100,000	—	100%	100%	80,000,000
Huaxin New Building Materials Co., LTD	117,543,012	117,543,012	—	117,543,012	—	100%	100%	—
Huaxin Equipment Engineering Co., LTD.	190,000,000	190,000,000	—	190,000,000	—	100%	100%	—
Huaxin (Hong Kong) International Holdings Co., LTD	1,574,475,219	1,574,475,219	1,476,215,638	3,050,690,857	—	100%	100%	—
Huaxin Cement (Daye) Co., LTD	420,100,753	420,100,753	—	420,100,753	—	70%	70%	—
Huaxin Cement (Ezhou) Co., LTD	99,437,030	99,437,030	—	99,437,030	—	70%	70%	—
Huaxin Cement (Enping) Co., LTD	674,058	674,058	—	674,058	—	0%	0%	—
Huaxin Narayani Investment (Shanghai) Co., LTD	500,000	500,000	—	500,000	—	100%	100%	—
Yunnan Huaxin Building Materials Investment Co., LTD	977,000,000	977,000,000	—	977,000,000	—	100%	100%	315,000,000
Chongqing Huaxin Yanjing Cement Co., LTD	29,738,100	29,738,100	—	29,738,100	—	100%	100%	142,000,000
Chongqing Huaxin Diwei Cement Co., LTD	73,000,000	73,000,000	—	73,000,000	—	97%	97%	—
Chongqing Huaxin Cantian Cement Co., LTD	253,300,000	253,300,000	—	253,300,000	—	100%	100%	134,480,000
Chongqing Huaxin Phoenix Lake Concrete Co., LTD	40,000,000	40,000,000	—	40,000,000	—	100%	100%	7,610,000
Chongqing Huaxin Tiancheng Concrete Co., LTD	29,000,000	29,000,000	—	29,000,000	—	100%	100%	—
SOMMERSET INVESTMENTS LIMITED	252,000,000	252,000,000	—	252,000,000	—	100%	100%	—
Huaxin Environmental Engineering (Yichang) Co., LTD	20,000,000	20,000,000	—	20,000,000	—	100%	100%	2,600,000
Huaxin Cement (Huangshi) Co., LTD	892,800,000	892,800,000	—	892,800,000	—	80%	80%	—
Huaxin (Huangshi) Logistics Co., LTD	20,000,000	20,000,000	—	20,000,000	—	100%	100%	—
Huangshi Huaxin Green Building Materials Industry Co., LTD	1,870,000,000	1,870,000,000	—	1,870,000,000	—	58%	58%	—
Huaxin (Hainan) Investment Co., LTD	1,202,000,000	1,202,000,000	950,071,531	2,152,071,531	—	50%	50%	—
Huaxin Property Management Huangshi Co., LTD	3,000,000	3,000,000	—	3,000,000	—	100%	100%	—
Huaxin New Building Materials (Huangshi) Co., LTD	50,000,000	50,000,000	—	50,000,000	—	100%	100%	—
Total	15,955,744,146	15,955,744,146	2,426,287,169	18,382,031,315	42,000,000			2,422,132,105

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

Equity method:

	Opening balance	Movements during the year		Closing balance	Provisions for impairment
		Investment profit or loss under the equity method	Other changes in equity		
Associates					
Tibet High-tech Building Materials Group Co., LTD	381,704,461	25,320,614	434,586	407,459,661	—
Shanghai Wan'an Huaxin Building Materials Group Co., Ltd.	89,210,350	329,820	—	89,540,170	—
Total	470,914,811	25,650,434	434,586	496,999,831	—

4. Operating income and cost

	2025		2024	
	Revenue	Cost	Revenue	Cost
Principal operations	466,294,805	376,697,847	579,159,802	506,643,388
Other operations	1,668,767,270	1,352,371,250	1,814,071,378	1,624,814,440
Total	2,135,062,075	1,729,069,097	2,393,231,180	2,131,457,828

5. Investment income

	2025	2024
Gains from long-term equity investments under the cost method	2,422,132,105	2,021,889,318
Investment gains from trading financial assets	(20,975,684)	2,850,682
Dividend income from holding other non-current financial assets	1,078,378	1,431,246
Dividend income from holding investments in other equity instruments	19,385,311	41,073,612
Gains from long-term equity investments under the equity method	25,650,434	20,311,659
Total	2,447,270,544	2,087,556,517

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

6. Supplemental information to the statement of cash flows

Reconciliation of profit to net cash flows from operating activities:

	2025	2024
Profit	2,317,769,722	1,928,498,891
Add: Provision for impairment of assets	89,013	73,760
Credit impairment losses	(1,222,724)	977,971
Depreciation of fixed assets	32,953,864	(2,108,809)
Depreciation of right-of-use assets	11,059,913	11,066,059
Amortisation of intangible assets	2,886,155	2,918,122
Amortisation of long-term deferred expenses	2,713,335	5,870
Amortisation of deferred income	(541,667)	(1,541,666)
Gains on disposal of fixed assets, intangible assets and other long-term assets	567,447	(3,443,048)
Loss on retirement of fixed assets	(16,135)	216,554
Gains on changes in fair value	(3,129,979)	(11,046,850)
Finance expenses	137,528,275	53,996,140
Investment income	(2,447,270,544)	(2,087,556,517)
Increase in deferred tax assets	(39,261,226)	(54,881,001)
Decrease/(increase) in inventories	55,373,668	(73,887,351)
(Increase)/decrease in operating receivables	(15,413,457)	357,340,529
Decrease in operating payables	(2,665,219)	(96,807,650)
Net cash flows from operating activities	<u>51,420,441</u>	<u>23,821,004</u>

Net changes in cash and cash equivalents:

	2025	2024
Balance of cash at the end of the year	2,718,924,035	2,511,259,172
Less: Balances of cash equivalents at the beginning of the year	<u>2,511,259,172</u>	<u>2,706,295,387</u>
Net increase in cash and cash equivalents	<u>207,664,863</u>	<u>(195,036,215)</u>

Notes to Financial Statements

Year ended 31 December 2025 (Expressed in Renminbi Yuan)

XVII. SUPPLEMENTAL INFORMATION

1. Breakdown of non-recurring profit and loss

	2025
Profit or loss from disposal of non-current assets	81,014,621
Government grants recognised through profit or loss for the current period (excluding those closely related to the Group's ordinary business operations, in line with national policies and entitled in accordance with the established standard, and having a continuous impact on profit or loss)	154,464,159
Profit or loss from change in fair value of financial assets and financial liabilities held by non-financial enterprises, as well as profit or loss from disposal of financial assets and financial liabilities, other than effective hedging business relating to the ordinary business operations of the Group	(17,705,080)
Reversal of provisions for impairment of receivables that are individually tested for impairment	11,758,965
Gain arising from acquisition when the cost of investments in subsidiaries, associates and joint ventures acquired is less than its share of the fair value in the investee's identifiable net assets	—
Other non-operating income and expenses other than the above items	(38,087,765)
Total non-recurring profit and loss	191,444,900
Less: Impact of income tax	27,781,407
Less: Impact of non-controlling interests	4,462,677
Total	<u>159,200,816</u>

2. Return on net assets and earnings per share

	Weighted average return on net asset (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	9.05	1.37	1.32
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	8.55	1.30	1.25

DIRECTORY OF DOCUMENTS FOR REFERENCE

1. Financial statements with the signatures and seals of the legal representative, the person in charge of accounting and the person in charge of the agency.
2. Original of the auditor's report with the seal of the accounting firm and the signature and seal of the certified public accountant.
3. Originals of all corporate documents and announcements that have been publicly disclosed in newspapers designated by CSRC during the Reporting Period.
4. Annual report of the Company published on the SEHK website.

WRITTEN ACKNOWLEDGEMENTS OF DIRECTORS AND SENIOR MANAGEMENT REGARDING THE COMPANY'S 2025 ANNUAL REPORT

According to the relevant stipulations in the *Securities Law*, Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.2 — Content and Format of Annual Reports issued by CSRC and *SSE Listing Rules*, after a comprehensive understanding and reviewing of the 2025 Annual Report of the Company, we, members of the Board of Directors and Senior management, believe, to the best of our knowledge, that:

1. The Company strictly abided by the financial system of a joint-stock company and operated properly, and its 2025 Annual Report fairly reflected the operating results and financial positions;
2. 2025 Auditor's Report of HUAXIN BUILDING MATERIALS GROUP CO., LTD. audited by Ernst & Young Hua Ming Certified Public Accountants LLP is true and factual, objective and fair.
3. To the best of our knowledge, we confirm that the information disclosed in the 2025 Annual Report of the Company is true, accurate and complete, and there is no false or misleading statement or material omission in this report, and we shall be severally and jointly liable for the truthfulness, accuracy and completeness of its contents.

Name	Title	Name	Title
Xu Yongmo	Non-executive Chairman	Chen Qian	Vice President, Head of Corporate Finance
Li Yeqing	Executive Director, President	Du Ping	Vice President
Liu Fengshan	Executive Director, Vice President	Mei Xiangfu	Vice President
Martin Kriegner	Non-executive Director	Yang Hongbing	Vice President
Olivier Milhaud	Non-executive Director	Xu Gang	Vice President
Tan Then Hwee	Non-executive Director	Wang Jiajun	Vice President
Jiang Hong	Independent Non-executive Director	Ye Jiaying	Vice President, Secretary to Board of Directors
Zhang Jiping	Independent Non-executive Director	Lu Guobing	Vice President
Wong Kun Kau	Independent Non-executive Director	Tangjun	Vice President

26 March 2026