CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 691)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

SUMMARY

- Operating revenue for the first half of year 2026 amounted to approximately RMB4,074,124,000, representing a decrease of 26.6% as compared to the corresponding period of last year;

- Loss from operations for the first half of year 2026 amounted to approximately RMB701,477,000, as compared to a loss from operations of RMB175,395,000 for the corresponding period of last year;

- Loss attributable to equity shareholders of the Company for the first half of year 2026 amounted to approximately RMB725,776,000, as compared to a loss attributable to equity shareholders of the Company of RMB250,247,000 for the corresponding period of last year;

- Basic loss per share for the first half of year 2026 was RMB0.17.

The Board of Directors (the "**Board**") of China Shanshui Cement Group Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**"), together with comparative unaudited financial data for the corresponding period of 2025. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 have been reviewed by the audit committee of the Board (the "**Audit Committee**") and approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026 – Unaudited

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
Revenue	3(a)	**4,074,124**	5,553,891
Cost of sales		**(3,607,070)**	(4,757,294)
Gross profit		**467,054**	796,597
Other income	5	**55,303**	68,540
Reversal of impairment losses on trade receivables, net		**15,540**	18,990
Impairment losses on other receivables, net		**(39,662)**	(29,620)
Selling and marketing expenses		**(98,051)**	(112,724)
Administrative expenses		**(648,794)**	(475,378)
Other net expenses, gains and losses	6	**9,951**	3,621
Expenses incurred during off-peak suspension		**(462,818)**	(445,421)
Loss from operations		**(701,477)**	(175,395)
Finance costs	7(a)	**(85,426)**	(86,325)
Share of results of associates		**(12,337)**	(8,810)
Loss before taxation		**(799,240)**	(270,530)
Income tax expense	8	**(19,815)**	(33,902)
Loss for the period		**(819,055)**	(304,432)
Attributable to:			
Equity shareholders of the Company		**(725,776)**	(250,247)
Non-controlling interests		**(93,279)**	(54,185)
Loss for the period		**(819,055)**	(304,432)
Loss per share	10		
Basic *(RMB)*		**(0.17)**	(0.06)
Diluted *(RMB)*		**N/A**	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026 – Unaudited

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss for the period	**(819,055)**	(304,432)
Other comprehensive expense for the period		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation from functional currency to presentation currency	**(23,937)**	(3,159)
Total comprehensive expense for the period	**(842,992)**	(307,591)
Attributable to:		
Equity shareholders of the Company	**(749,713)**	(253,406)
Non-controlling interests	**(93,279)**	(54,185)
Total comprehensive expense for the period	**(842,992)**	(307,591)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2026 – Unaudited

	Notes	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,958,191**	15,335,905
Right-of-use assets		**2,297,700**	2,345,306
Investment properties		**36,885**	37,690
Intangible assets		**1,760,552**	1,801,232
Goodwill		**14,224**	14,224
Other financial assets		**17,308**	19,195
Interests in associates		**382,857**	395,194
Deferred tax assets		**240,618**	235,586
Other long-term assets		**860,076**	894,157
		20,568,411	21,078,489
CURRENT ASSETS			
Inventories		**1,753,641**	1,796,870
Trade and bills receivables	11	**1,117,076**	1,087,542
Prepayments and other receivables	12	**917,143**	880,277
Tax recoverable		**32,978**	92,914
Restricted bank deposits	13	**946,052**	893,088
Fixed bank deposits		**547,754**	556,025
Bank balances and cash		**2,444,824**	2,356,613
		7,759,468	7,663,329
CURRENT LIABILITIES			
Bank loans – amount due within one year	14	**4,878,290**	4,505,890
Trade payables	15	**3,030,266**	2,729,961
Other payables and accrued expenses	16	**1,757,059**	1,799,671
Contract liabilities		**429,017**	317,900
Taxation payable		**238,498**	320,550
Lease liabilities		**22,060**	16,667
		10,355,190	9,690,639
NET CURRENT LIABILITIES		**(2,595,722)**	(2,027,310)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,972,689**	19,051,179

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026 – Unaudited

	Notes	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
NON-CURRENT LIABILITIES			
Bank loans – amount due after one year	14	**573,050**	805,170
Long-term payables		**549,334**	543,574
Defined benefit obligations		**193,200**	193,200
Deferred income		**343,071**	347,013
Lease liabilities		**144,521**	154,039
Deferred tax liabilities		**28,539**	24,217
		1,831,715	2,067,213
NET ASSETS		**16,140,974**	16,983,966
CAPITAL AND RESERVES			
Share capital	17	**295,671**	295,671
Share premium		**8,235,037**	8,235,037
Share capital and share premium		**8,530,708**	8,530,708
Other reserves		**7,902,586**	8,652,299
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**16,433,294**	17,183,007
Non-controlling interests		**(292,320)**	(199,041)
TOTAL EQUITY		**16,140,974**	16,983,966

1 BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 June 2026 and subsequently thereto up to the date when the condensed consolidated financial statements are authorised for issue. In order to mitigate the liquidity pressure, to improve its financial position, and to sustain the Group as a going concern, certain plans and measures have been and will be taken by the Group which include, but are not limited to, the following:

i. For borrowings of the Group, the management will actively negotiate with the banks before they fall due to secure their renewals. The directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The directors have evaluated the relevant facts and circumstances available to them and the historical experience and are of the opinion that the Group would be able to renew such borrowings upon maturity;

ii. The Group is implementing cost control measures on costs of sales and administrative expenses and other comprehensive policies so as to increase net operating cash inflows in coming years; and

iii. The Group has appointed external lawyers and/or assigned internal lawyers to handle the outstanding litigations, and to mitigate the risk exposure from any legal claims. In respect of some of the litigations, the directors of the Company are of the opinion that the Group has valid grounds to defend against the claims.

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

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the Reporting Period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

The application of the amendments to IFRS Accounting Standards in the Reporting Period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue from contracts with customers are as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue recognised under IFRS 15		
Sales of cement	**3,440,358**	4,690,751
Sales of clinker	**129,323**	445,469
Sales of concrete	**236,710**	187,322
Sales of other products	**264,393**	230,349
	4,070,784	5,553,891
Revenue recognised under other accounting standard		
Rental income	**3,340**	–
	4,074,124	5,553,891

The Group's revenues for the six months ended 30 June 2026 and 2025 were generated in the People's Republic of China (the "**PRC**"). Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) Segment reporting

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

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

- Shandong Province – subsidiaries operating and located in the Shandong Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

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

- Shanxi Province – subsidiaries operating and located in the Shanxi Province and Shaanxi Province of the PRC, engage in the manufacture and sale of cement, clinker, concrete and other products.

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

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

(i) Segment results, assets and liabilities

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

- Segment assets include all tangible and intangible assets and current assets, with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, other payables and accrued expenses, contract liabilities, bank loans managed directly by the segments and lease liabilities.

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

- Segment results represent profits/(losses) earned/(incurred) by each segment without allocation of share of results of associates, (loss)/gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**"), unallocated other income, head office administrative expenses and finance costs in relation to the unallocated bank loans. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2026 and 2025 is set out below.

	2026					2025				
	Shandong Province *RMB'000*	Northeastern China *RMB'000*	Shanxi Province *RMB'000*	Xinjiang Region *RMB'000*	Total *RMB'000*	Shandong Province *RMB'000*	Northeastern China *RMB'000*	Shanxi Province *RMB'000*	Xinjiang Region *RMB'000*	Total *RMB'000*
For the six months ended 30 June										
Revenue recognised under IFRS 15										
Disaggregated by timing of revenue										
Point in time	**2,552,584**	**863,471**	**527,143**	**123,434**	**4,066,632**	3,408,172	1,390,470	606,272	144,139	5,549,053
Over time	**2,697**	**87**	**1,236**	**132**	**4,152**	3,034	220	1,440	144	4,838
	2,555,281	**863,558**	**528,379**	**123,566**	**4,070,784**	3,411,206	1,390,690	607,712	144,283	5,553,891
Revenue recognised under other accounting standard										
Rental income	**3,339**	**1**	**-**	**-**	**3,340**	-	-	-	-	-
Revenue from external customers	**2,558,620**	**863,559**	**528,379**	**123,566**	**4,074,124**	3,411,206	1,390,690	607,712	144,283	5,553,891
Inter-segment revenue *(note)*	**389,647**	**1,418**	**88**	**–**	**391,153**	195,322	661	2,924	–	198,907
Reportable segment revenue	**2,948,267**	**864,977**	**528,467**	**123,566**	**4,465,277**	3,606,528	1,391,351	610,636	144,283	5,752,798
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	**(343,393)**	**(175,339)**	**(156,835)**	**18,935**	**(656,632)**	23,683	(23,938)	(98,009)	24,013	(74,251)
As at 30 June/31 December										
Reportable segment assets	**13,665,334**	**6,719,382**	**4,597,165**	**708,618**	**25,690,499**	14,172,159	6,949,071	4,754,322	686,819	26,562,371
Reportable segment liabilities	**6,835,459**	**1,347,189**	**678,303**	**81,042**	**8,941,993**	6,625,472	1,297,642	634,771	55,928	8,613,813

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

(ii) *Reconciliations of reportable segment loss*

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss		
Reportable segment loss	**(656,632)**	(74,251)
Elimination of inter-segment profit	**(41,910)**	(91,060)
Reportable segment loss derived from the Group's external customers	**(698,542)**	(165,311)
Share of results of associates	**(12,337)**	(8,810)
(Loss)/gain on fair value changes of financial assets at FVTPL	**(1,887)**	289
Unallocated other income	**11,161**	12,763
Unallocated finance costs	**(35,075)**	(50,022)
Unallocated head office administrative expenses *(note)*	**(62,560)**	(59,439)
Consolidated loss before taxation	**(799,240)**	(270,530)

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

4 SEASONALITY OF OPERATIONS

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

5 OTHER INCOME

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
Interest income		**18,294**	17,699
Government grants *(note)*	*(i)*	**12,356**	38,970
Amortisation of deferred income		**8,497**	10,382
Reversal of payables	*(ii)*	**11,421**	–
Others		**4,735**	1,489
		55,303	68,540

Notes:

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

(ii) The Group recognised a gain of RMB11,421,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB nil) arising from the reversal of trade and other payables following the deregistration of certain creditors in the PRC. The payables were reversed as the directors consider that the Group no longer has a present obligation in respect of the payment of these balances.

6 OTHER NET EXPENSES, GAINS AND LOSSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net foreign exchange gain	**36,302**	4,613
Net gain/(loss) from disposal of property, plant and equipment	**6,871**	(3,202)
Donations	**(1,726)**	(1,120)
(Loss)/gain on fair value changes of financial assets at FVTPL	**(1,887)**	289
Others	**(29,609)**	3,041
	9,951	3,621

7 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on bank loans	**68,289**	67,052
Interest on lease liabilities	**8,099**	7,077
Less: capitalised interest expenses(*)	**(9,203)**	(10,873)
Net interest expenses	**67,185**	63,256
Bank charges	**8,068**	10,933
Unwinding of discount	**10,173**	12,136
	85,426	86,325

* The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation related to construction of plant was 3.48% for the six months ended 30 June 2026 (six months ended 30 June 2025: 3.72%).

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**486,058**	547,176
Depreciation of right-of-use assets	**46,841**	57,071
Depreciation of investment properties	**805**	–
Amortisation of intangible assets	**101,167**	121,315
Total depreciation and amortisation	**634,871**	725,562

8 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT"):		
Current tax	**26,669**	61,865
(Over)/under provision in respect of prior years	**(6,144)**	1,695
	20,525	63,560
Deferred tax:		
Current year	**(710)**	(29,658)
	19,815	33,902

Notes:

(i) The Group's PRC subsidiaries are subject to PRC EIT at the statutory rate of 25% (six months ended 30 June 2025: 25%) unless otherwise specified.

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

A concession rate of 20% is granted to the small and micro enterprises.

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

The Company and its subsidiaries incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (six months ended 30 June 2025: 16.5%). No provision for Hong Kong Profits Tax has been made as the Company and the subsidiaries incorporated in Hong Kong did not have assessable profits subject to Hong Kong Profits Tax for both periods.

9 DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

10 LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	**(725,776)**	(250,247)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	**4,353,966,228**	4,353,966,228
Effect of dilutive potential ordinary shares:		
Share options	**N/A**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**4,353,966,228**	4,353,966,228

No diluted loss per share for the period ended 30 June 2026 was presented as there were no potential ordinary shares in issue for the current period.

The computation of diluted loss per share does not assume the exercise of the share options granted by the Company in 2015 because the exercise price of these share options was higher than the average market price of the shares for the period ended 30 June 2025. Such share options lapsed on 27 January 2025. Accordingly, the Company has no outstanding share options as at 30 June 2026 and 30 June 2025.

11 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Bills receivables	**380,543**	279,054
Trade receivables	**971,761**	1,059,257
Less: allowance for credit losses	**(235,228)**	(250,769)
	1,117,076	1,087,542

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**376,858**	251,840
3 to 6 months	**71,046**	91,862
6 to 12 months	**114,837**	136,722
Over 12 months	**554,335**	607,118
	1,117,076	1,087,542

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

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

12 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Deposits	**56,837**	38,570
Prepayments for raw materials	**160,960**	110,086
Prepayments for utilities	**50,212**	50,018
VAT recoverable	**275,980**	297,123
Amounts due from related parties	**40,298**	21,023
Amounts due from third parties	**289,715**	314,055
Others	**43,141**	49,402
	917,143	880,277

13 RESTRICTED BANK DEPOSITS

Restricted bank deposits as at 30 June 2026 include RMB940,310,000 (31 December 2025: RMB890,228,000) of cash deposits pledged to banks to secure banking facilities granted to the Group and for the performance guarantee in relation to certain contracts of sales or purchases of cement, and RMB5,742,000 (31 December 2025: RMB2,860,000) of bank balances which have been frozen by the PRC Court pending the outcome of the legal proceedings initiated by the Group's creditors relating to certain purchase contracts.

14 BANK LOANS

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

	Notes	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bank loans		**4,873,840**	4,798,560
Bank loans under supplier finance arrangements	(i)	**577,500**	512,500
		5,451,340	5,311,060
Bank loans – Secured	(ii)	**1,003,490**	1,074,210
Bank loans – Unsecured		**4,447,850**	4,236,850
		5,451,340	5,311,060

Notes:

(i) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of raw materials. Under these arrangements, the banks advanced funds to the Group for the settlement to suppliers on the original due dates of the invoices. The Group then settles with the banks between 10 and 360 days (31 December 2025: 10 and 360 days) after the loans are granted by the banks with interest rates ranging from 2.55% to 3.79% per annum (31 December 2025: 2.36% to 3.79% per annum). These arrangements provide the Group with extended payment terms, compared to the original due dates of the respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

(ii) These bank loans were secured by certain land lease prepayments with an aggregate carrying amount of RMB126,998,000 (31 December 2025: RMB128,397,000), plants and buildings with an aggregate carrying amount of RMB261,433,000 (31 December 2025: RMB264,884,000) and pledged bank deposits of RMB704,230,000 (31 December 2025: RMB820,500,000).

As at 30 June 2026, there is no default in bank loans repayment.

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within one year	**4,878,290**	4,505,890
After one year but within two years	**337,850**	649,170
After two years but within five years	**235,200**	156,000
	5,451,340	5,311,060

15 TRADE PAYABLES

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 3 months	**1,563,303**	1,628,355
3 to 6 months	**360,502**	379,156
6 to 12 months	**466,159**	194,438
Over 12 months	**640,302**	528,012
	3,030,266	2,729,961

As at 30 June 2026 and 31 December 2025, the average credit period for trade purchase is 30 to 180 days.

As at 30 June 2026, certain suppliers and third parties have initiated lawsuits against the Group to demand immediate settlement of trade payables with a carrying amount of RMB3,990,000 (31 December 2025: RMB592,000) plus interest for late payment, if any.

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

16 OTHER PAYABLES AND ACCRUED EXPENSES

	Notes	At **30 June 2026** ***RMB'000***	At 31 December 2025 *RMB'000*
Accrued payroll and welfare		**145,393**	175,832
Taxes payable other than income tax payable		**117,546**	98,267
Staff compensation and termination provisions		**50,436**	50,228
Amount due to related parties		**883,896**	909,774
Payables to former shareholders of acquired subsidiaries		**9,800**	19,292
Acquisition consideration payables		**26,937**	26,937
Payables for acquisition of property, plant and equipment		**27,555**	26,979
Payables for mining rights	(ii)	**22,604**	42,432
Dividend payable to non-controlling interest		**48,280**	50,690
Accrued expenses and other payables	(i)	**424,612**	399,240
		1,757,059	1,799,671

Notes:

(i) The amount mainly represents payable for contract guarantee deposits from suppliers of RMB143,488,000 (31 December 2025: RMB126,438,000), payables for equipment maintenance of RMB48,703,000 (31 December 2025: RMB92,866,000) and interest payables of RMB1,350,000 (31 December 2025: RMB5,224,000).

As at 30 June 2026, certain suppliers and third parties have lawsuits against the Group to demand immediate settlement of other payables with carrying amount of RMB7,112,000 (31 December 2025: RMB2,934,000) plus interest for late payment, if any.

(ii) Included in the amount is the current portion of long-term payables for mining rights amounting to RMB22,604,000 (31 December 2025: RMB42,432,000). According to the announcement on Collection and Management of the Revenue from the Transfer of Mining Rights in PRC, "礦業權出讓收益征收辦法" (the "**Announcement**"), an entity is required to pay to the local government a transfer fee when acquiring the exploration right or mining right. The balance represented the amounts payable to the government in respect of such Announcement with repayments payable from 2026 to 2040 using a discount rate of 3.90% per annum.

17 SHARE CAPITAL

	30 June 2026 and 31 December 2025	
	Number of shares	**RMB equivalent**
		RMB'000
Ordinary shares of the Company of USD0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	10,000,000,000	701,472
Issued and fully paid:		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	4,353,966,228	295,671

18 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2026 not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisitions of property, plant and equipment authorised and contracted for but not provided for in the condensed consolidated financial statements	**709,773**	820,387

19 CONTINGENT LIABILITIES AND OTHER EVENTS

(a) Litigation contingencies

As at 30 June 2026, several litigation claims had been initiated by certain suppliers against the Group to demand immediate repayment of the outstanding balance in relation to certain sales contract of cement and other products with an aggregate amount of RMB28,530,000 (31 December 2025: RMB23,791,000), which claims have not yet been concluded. No provision for these litigation claims was made in these condensed consolidated financial statements during the six months ended 30 June 2026 as in the opinion of the directors of the Company, the possibility of an outflow of economic resources cannot be reliably determined.

(b) Litigation in the Cayman Islands

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

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

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

On 11 October 2022, the Court of Appeal granted Tianrui leave to appeal to the Privy Council against its decision. On 23 December 2022, Tianrui filed a notice of appeal to the Privy Council against the decision of the Court of Appeal. The Privy Council handed down its judgment on 14 November 2024 (the "**Privy Council Judgment**") allowing Tianrui's appeal. The effect of the Privy Council Judgment is merely upholding that Tianrui has the standing to proceed with its claim by the Cayman Writ as a shareholder personally. However, the Privy Council did not make any findings as to the factual allegations and merits of Tianrui's claim, which are matters for the Grand Court to decide at trial.

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

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

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

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

On 11 December 2025, the Grand Court delivered a decision among others dismissing Tianrui's application for the Cayman Writ and the Cayman Petition to be heard together.

The Case Management Conference and trial of the Cayman Petition have been respectively fixed for 8 July 2026 and 4 weeks from 12 October 2026.

As to the Cayman Writ, in light of the Privy Council Judgment, the parties are still in the process of submitting the pleadings. It will take some time before the matter could proceed to trial.

(c) Litigation in Hong Kong

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

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

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

Meanwhile, on 28 February 2024, Tianrui Group also made an application to the Court to strike out CSC Group's counterclaim in this action allegedly, inter alia, on the ground that CSC Group's counterclaim in this action and its claim in HCA 548 of 2019 are duplicated (the "**1013 Strike-Out Summons**").

On 2 September 2025, DHCJ Andrew Li handed down a decision dismissing the 1013 Strike-Out Summons, and allowing the 1013 Hearing Together Summons.

Other than the disclosures set out above, as at 30 June 2026, so far as the directors were aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 30 June 2026, the Group was the defendant of certain non-material litigations, a party to certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these litigations or other legal proceedings cannot be ascertained at present, but the directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment and Industry Overview

In the first half of 2026, the cement industry in general showed characteristics of "sharp decline in demand, uncontrolled supply, prices hitting rock bottom, and a shift to operating losses". Downstream construction projects and concrete batching plants operated at low capacity utilisation rates, whilst end-market demand remained sluggish, and overall, the peak season failed to live up to expectations and the off-season was even weaker. At the same time, staggered production failed to be implemented during the peak season by certain enterprises in some regions, whilst the impact of transregional price reduction intensified. Market prices came under downward pressure, with cement prices in many areas falling back sharply to a periodic historical low level. Affected by the dual pressures of weak demand and falling prices, the proportion of loss-making enterprises in the industry continued to expand, resulting in significantly growing pressures on the production and operations of enterprises, and marked decline in the overall profitability YOY.

I. CEMENT DEMAND SIDE: CONTINUOUS DECLINE IN DEMAND AT A HIGHER RATE

The cement market demand in the first half of 2026 continued the overall downward trend, with a higher rate of decline. Influenced by factors such as a general weakening of investment, ongoing and profound adjustments in the real estate sector, tight project funding and a shortage of new project starts, the one-sided downward trend in national cement market demand proved difficult to reverse. The YOY decline in national fixed-asset investment continued to widen, whilst the growth rate of infrastructure investment turned from positive to negative, further weakening its role in supporting cement demand.

According to data from the National Bureau of Statistics, in the first half of the year, the national fixed-asset investment (excluding rural households) was RMB22.64 trillion, with a YOY decrease of 5.7%; the national infrastructure investment (including electricity, heating, etc.) decreased by 2.4% YOY; the national real estate development investment was RMB3.81 trillion, with a YOY decrease of 18%; the new construction area of residential houses was 232 million square meters, representing a YOY decrease of 23.4%. The cumulative cement output in China reached 736 million tonnes, representing a YOY decrease of 8%, which widened by 3.7 percentage points as compared with the same period the previous year, and the output hit the lowest level for the same period in nearly seventeen years.

II. SUPPLY SIDE: INVENTORY RUNNING AT A HIGH LEVEL

In the first half of the year, against a backdrop of an overall decline in demand, differences in the implementation of policies such as production capacity controls meant that the industry was still unable to reach a unified consensus on staggered production. At present, some enterprises are prioritising market share in their business strategies, resulting in a lack of momentum in supply contraction and persistently high inventory levels. According to monitoring by Digital Cement, national cement inventories remain at medium-to-high levels. The national cement inventory-to-capacity ratio for the first half of the year was 64.5%, representing an increase of 4 percentage points compared with the same period last year. Specifically, the ratio was 62% in the first quarter of 2026 and 66.9% in the second quarter of 2026.

III. PRICE TREND: CONTINUOUS DECLINE WITH A DOWNTURN IN GENERAL

In the first half of 2026, the domestic cement market generally showed a continuous downward trend. According to data monitored by CCA Digital Cement, the average price in the national cement market for the first half of the year was RMB334 per tonne (P.O 42.5 bulk, landed price), a decrease of RMB52 per tonne compared with the same period last year, representing a YOY decline of nearly 14%. Looking at the different phases, the first quarter coincided with the industry's traditional off-season, with market demand remaining weak and cement prices coming under pressure to fall; the second quarter was typically a minor peak season for demand, but as downstream demand failed to recover as expected, the market did not pick up and prices continued the downward trend. By the end of June, cement prices had fallen by a cumulative RMB26 per tonne compared with the beginning of the year, and after bottoming out, the market entered a phase of narrow-range consolidation.

IV. INDUSTRY-WIDE LOSSES

In the first half of 2026, demand fell sharply and cement prices remained generally low. On the cost front, coal prices rose gradually quarter-on-quarter from the second quarter onwards, further exacerbating the operational pressures faced by enterprises in the industry. Against a backdrop of "decrease in both volume and price", the national cement industry was expected to have incurred an overall loss of RMB2-3 billion in the first half of the year, with around 60% of enterprises reporting losses.

V. IMPORTS AND EXPORTS: SIGNIFICANT INCREASE IN EXPORTS

Against a backdrop of insufficient domestic demand for cement, cement enterprises have continued to pursue a strategy of actively expanding into overseas markets. According to customs statistics, China's cement exports in the first half of 2026 amounted to 4.1 million tonnes, a YOY increase of 53.7%, clinker exports amounted to 9.399 million tonnes, a YOY increase of 534.8%. The main destinations for cement and clinker exports were Bangladesh, Ghana, Myanmar, the Philippines, Côte d'Ivoire, Cameroon, Guinea, Togo and Guatemala, amongst other countries and regions. Imports remained virtually stagnant, with total imports of cement and clinker amounting to 22,000 tonnes in the first half of the year.

Company's business review

In the first half of 2026, the Group has been continuously committed to refining its fundamental internal management to enhance the quality of existing manufacturing operations and the sustainability of profits.

As at 30 June 2026, the Group had a total production capacity of 92.95 million tonnes of cement, 49.70 million tonnes of clinker and 19.00 million cubic meters of concrete.

During the Reporting Period, the Group's total sales of cement and clinker were 16,602,000 tonnes, representing a YOY decrease of 15.3%; sales volume of concrete was 1,021,000 cubic meters, representing a YOY increase of 47.1%; sales revenue was RMB4,074,124,000, representing a YOY decrease of 26.6%; and the loss for the period was RMB819,055,000, representing a YOY increase of 169.0%.

REVENUE

The table below shows the sales breakdown by region during the Reporting Period:

Region	**January–June 2026** Sales revenue *RMB'000*	**Proportion**	January–June 2025 Sales revenue *RMB'000*	Proportion	Change of sales revenue
Shandong Operating Region	**2,558,620**	**62.8%**	3,411,206	61.4%	-25.0%
Northeast China Operating Region	**863,559**	**21.2%**	1,390,690	25.1%	-37.9%
Shanxi Operating Region	**528,379**	**13.0%**	607,712	10.9%	-13.1%
Xinjiang Operating Region	**123,566**	**3.0%**	144,283	2.6%	-14.4%
Total	**4,074,124**	**100%**	5,553,891	100%	-26.6%

In the Reporting Period, the Group's revenue amounted to RMB4,074,124,000, representing a decrease of RMB1,479,767,000 or approximately 26.6% from that of RMB5,553,891,000 for the corresponding period of 2025. The decrease in revenue was mainly attributable to the decrease in sales volume and selling prices of cement, resulting from the weak market demand in the period.

In respect of revenue contribution for the six months ended 30 June 2026, sales of cement and clinker accounted for 87.6% (2025: 92.5%) and the sales of ready-mix concrete accounted for 5.8% (2025: 3.4%).

The table below shows the sales breakdown by product during the Reporting Period:

Product	**January–June 2026** Sales revenue *RMB'000*	**Proportion**	January–June 2025 Sales revenue *RMB'000*	Proportion	Sales revenue YOY change
Cement	**3,440,358**	**84.4%**	4,690,751	84.5%	-26.7%
Clinker	**129,323**	**3.2%**	445,469	8.0%	-71.0%
Concrete	**236,710**	**5.8%**	187,322	3.4%	26.4%
Others	**267,733**	**6.6%**	230,349	4.1%	16.2%
Total	**4,074,124**	**100%**	5,553,891	100%	-26.6%

COST OF SALES AND GROSS PROFIT

The Group's cost of sales primarily includes cost of raw materials, fuel expenses (consisting of coal and electricity), depreciation and amortisation and other overhead costs. During the Reporting Period, the Group's cost of sales was RMB3,607,070,000 (2025: RMB4,757,294,000). The decrease in cost of sales was mainly due to the YOY decrease in the external sales volume of cement and clinker and lower product production costs affected by cost reduction and efficiency enhancement measures.

The gross profit for the six months ended 30 June 2026 was RMB467,054,000 (2025: RMB796,597,000), representing a gross profit margin of 11.5% on revenue (2025: 14.3%). The decrease in gross profit was mainly due to the decrease in revenue, and the decrease in gross profit margin was mainly due to the YoY decrease in cement prices greater than the decrease in production costs.

FINANCIAL REVIEW

Other income

Other income decreased from RMB68,540,000 to RMB55,303,000, mainly due to the YoY decrease in government grants received during the period.

Other net expenses, gains and losses

Other net expenses, gains and losses increased from a net gain of RMB3,621,000 to RMB9,951,000, mainly due to the YoY increase in net foreign exchange gains in the period.

Selling and marketing expense, administrative expense and finance expense

Selling and marketing expenses decreased from RMB112,724,000 to RMB98,051,000, representing a YOY decrease of 13.0%, which was mainly due to the decrease in sales volume of cement, resulting in a decrease in loading and unloading fees and sales and service fees in the period as compared with the same period of last year.

A YoY increase of 36.5% from RMB475,378,000 to RMB648,794,000 was recorded in administrative expense, which was mainly due to the implementation of staff optimisation in the period, resulting in an increase in one-off termination benefits.

A YoY decrease of 1.0% from RMB86,325,000 to RMB85,426,000 was recorded in finance expense, which was mainly due to the decline in interest rates on borrowings in the period as compared with the same period of last year.

Taxation

Income tax expenses decreased from RMB33,902,000 to RMB19,815,000, representing a YoY decrease of 41.6%, which was mainly due to the decrease in taxable income in the period as compared with the same period of last year.

Loss for the period

During the Reporting Period, the Group recorded a net loss of RMB819,055,000, representing an increase of RMB514,623,000 as compared with the same period of last year, which was mainly due to the YOY decreases in cement sales volume and prices in the period, as well as a YoY increase in administrative expenses (primarily due to the increase in one-off termination benefits).

FINANCIAL RESOURCES AND LIQUIDITY

As of 30 June 2026, the total of the interest-bearing bank borrowings was RMB5,451,340,000, of which RMB4,878,290,000 will be due within 12 months from the end of the Reporting Period. The directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and believe that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest-bearing borrowings.

As of 30 June 2026, the total assets decreased by 1.4% to RMB28,327,879,000 (31 December 2025: RMB28,741,818,000), while total equity decreased by 5.0% to RMB16,140,974,000 (31 December 2025: RMB16,983,966,000).

As at 30 June 2026, bank balances and cash of the Group was RMB2,444,824,000 (31 December 2025: RMB2,356,613,000).

As at 30 June 2026, the net gearing ratio of the Group was 15.7% (31 December 2025: 14.8%), each of which was calculated based on net debt and total equity as of 30 June 2026 and 31 December 2025. The increase of gearing ratio was due to the increase in bank borrowings and the decrease in total equity for the period.

Cash flow

The analysis on cash flow during the Reporting Period is set out below:

(Unit: RMB'000)

	January–June 2026	January–June 2025
Net cash flow generated from operating activities	**46,917**	674,814
Net cash flow used in investing activities	**(110,687)**	(295,507)
Net cash flow generated from/(used in) financing activities	**166,407**	(496,731)
Net change in cash and cash equivalents	**102,637**	(117,424)
Balance of cash and cash equivalents as at 1 January	**2,356,613**	2,179,627
Effect of foreign exchange rates change	**(14,426)**	(3,940)
Balance of cash and cash equivalents as at 30 June	**2,444,824**	2,058,263

Net cash generated from operating activities

During the Reporting Period, the Group recorded a net cash generated from operating activities of RMB46,917,000, representing a YoY decrease of RMB627,897,000, mainly due to the decrease in revenue in the period and the increase in the amount paid of one-off termination benefits.

Net cash used in investing activities

During the Reporting Period, the Group recorded a net cash used in investing activities of RMB110,687,000, representing a YoY decrease of RMB184,820,000, mainly due to the decrease in capital expenditure for the construction of new cement and clinker production lines and the purchase of equipment and mineral resource reserves in the period as compared with the same period of last year.

Net cash generated from/(used in) financing activities

During the Reporting Period, the Group recorded a net cash generated from financing activities of RMB166,407,000, representing a YoY increase of RMB663,138,000, mainly due to the increase in bank borrowings in the period and the decrease in bank borrowings due to repayment in the same period of last year.

Capital expenditures

During the Reporting Period, the capital expenditures were approximately RMB153,879,000, which were mainly used to pay for investments related to mineral resource reserves and new construction and technical transformation of cement and clinker production lines.

Outstanding capital commitments under relevant agreements not provided for in the financial statements as at 30 June 2026 were as follows:

(Unit: RMB'000)

	30 June 2026	31 December 2025
Authorised and contracted for		
– plant and equipment and intangible assets	**709,773**	820,387
Authorised but not contracted for		
– plant and equipment and intangible assets	**839,172**	800,389
Total	**1,548,945**	1,620,776

Pledge of assets

Details in relation to pledge of assets of the Group as at 30 June 2026 are set out in note 14 to the announcement.

Contingent liabilities

Details in relation to contingent liabilities of the Group as at 30 June 2026 are set out in note 19 to the announcement.

Human resources

As at 30 June 2026, the Group had a total of 9,859 employees. The Group provides retirement insurance, medical insurance and unemployment insurance and makes contributions to the housing provident scheme for its employees in the PRC in accordance with applicable laws and regulations in the PRC. The Group remunerates its employees based on their respective work performance and experience and reviews its employee remuneration policies as and when appropriate.

Material acquisition and disposal of subsidiaries and affiliated companies

During the Reporting Period, the Group had no material acquisition or disposal.

Management of foreign exchange exposure

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

The Group did not use any financial derivatives to hedge against any foreign exchange exposure.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

Operational situation analysis

(I) From the demand perspective, market demand is expected to achieve marginal improvement in the second half of the year relative to the first half. Fiscal fund disbursement remained slow in the first six months. With steady implementation of growth-stabilising policies and the goal of securing a sound start to the 15th Five-Year Plan, fiscal investment is set to scale up in the second half of the year. Meanwhile, the demand base in the same period last year was relatively low. The year-on-year decline in cement demand is projected to narrow, and overall demand will pick up moderately versus the first half-year.

(II) From the supply perspective, most enterprises across the industry suffered extensive losses in the first half of the year. To reverse this situation in the second half, manufacturers in certain regions may strengthen industrial self-regulation, focus more on maintaining a sound industrial ecosystem, and strictly implement staggered production requirements. By actively prolonging kiln shutdown time and reducing the operating rate of clinker capacity, the industry can effectively relieve the overcapacity pressure brought by sluggish demand, thus creating favourable conditions for market balance on the supply end.

(III) When it comes to prices, the overall supply-demand fundamentals will still face downward pressure in the second half of the year. However, heavy losses sustained by the whole industry will drive most regions to introduce staged price increases so as to improve profitability.

Key Corporate Priorities

(I) Bolster Internal Capabilities via Cost Reduction and Efficiency Improvement. All operations will align with annual business targets. Centered on the Group-wide special campaign for cost cutting, expenditure control and expense management, the Company will streamline organizational structures and adopt modular management alongside specialized operation and maintenance. Refined end-to-end management across all links will deliver maximum cost savings. On the production front, technological energy conservation will be prioritized with comprehensive rollout of targeted cost-reduction initiatives covering raw materials, fuels, power consumption, environmental protection and manufacturing expenses. All departments will conduct precise benchmarking to fully tap cost-saving potential. Cloud warehouse development will be fully promoted. While solidly managing quality, environmental compliance, energy and carbon performance, and mining operations, the Company will maintain optimal economic operating status. In regional marketing, three major marketing campaigns will be vigorously advanced. The Company will unswervingly implement staggered production, consistently push for price stabilization and recovery, and jointly consolidate sales volume to unlock new marketing growth. Supply chain efficiency will be elevated through multiple measures including joint bulk procurement among peers, dynamic supplier screening and multimodal transport development to further underpin cost reduction. Cash flow security will be closely monitored with rigorous oversight of controllable expenses and capital expenditure. Seizing government campaigns to clear overdue payments owed to enterprises, targeted efforts will be made to settle accounts receivable and other receivables.

(II) **Expand Strength via Optimized Industrial Layout.** From the dimensions of resource positioning, market positioning and industrial chain matching, clustered industrial development will be actively advanced in strategic layout zones and target markets. While reinforcing core clinker and cement businesses, the Company will drive upstream and downstream industrial clustering by constructing production bases for aggregates, manufactured sand and high-performance concrete. Industrial cooperation will be expanded; focusing on improving sales terminals, ready-mix concrete business will be developed and consolidated in advantageous regions to lift terminal market share.

(III) **Enhance Vitality via Streamlining and Restructuring.** The sustainable development capacity of each affiliate will be scientifically evaluated. Loss-making subsidiaries will be governed under tailored solutions on a case-by-case basis. Market-oriented approaches will be adopted to shut down enterprises with no turnaround prospects and phase out low-efficiency capacity steadily, lifting capacity concentration and stopping recurring losses. Long-term loss-incurring entities will be categorized and disposed of to resolve operational burdens for agile development. Existing assets will be continuously optimized; idle assets will be revitalized through production transformation and upgrading, mergers and restructuring, cooperative operation, asset leasing and other channels, enabling better resource concentration and stronger core competitiveness.

(IV) **Drive Growth via Innovation Empowerment.** Guided by national special plans under the 15th Five-Year Plan, the Company firmly pursues green development. It will deepen technologies for carbon reduction, carbon sequestration and clean energy substitution, carry out energy-saving and carbon-cutting upgrades, steadily advance ultra-low emission renovation projects at relevant subsidiaries, launch construction of alternative fuel processing bases at proper timing, build and refine a carbon asset management system, and facilitate green and low-carbon transformation. Digital and intelligent technologies will accelerate industrial empowerment. Digitalization and smart technologies will be fully popularized, integrating 5G, industrial internet, artificial intelligence and other emerging technologies into lean production, management and operation to build smart factories and smart mines. A talent-driven strategy will be thoroughly executed. Personnel and organizational optimization will be comprehensively advanced to boost per capita efficiency and job-person matching, lifting input-output ratios and overall productivity.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the Reporting Period. The Company did not have any treasury shares (as defined in the Listing Rules) as at 30 June 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining good corporate governance standards.

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

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

Chairman and Chief Executive Officer

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions By directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"). Having made specific inquiries to all directors, all directors confirmed that they have complied with the Model Code throughout the Reporting Period.

REVIEW OF INTERIM REPORT AND RESULTS ANNOUNCEMENT BY AUDIT COMMITTEE

The Audit Committee comprises the three independent non-executive directors who reviewed the unaudited interim results and report of the Group for the six months ended 30 June 2026, and discussed with the Company's management regarding risk management, internal control and other important matters.

RECENT DEVELOPMENTS

No important event affecting the Group has occurred since 30 June 2026.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND REPORT

This interim results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.sdsunnsygroup.com). The interim report of the Company for the six months ended 30 June 2026 will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Group's creditors, shareholders, customers and business partners for their great support, and all the Group's employees for their dedication and hard work.

By Order of the Board
China Shanshui Cement Group Limited
TENG Yongjun
Chairman

Hong Kong, 5 August 2026

As at the date of this announcement, the Board comprises three executive directors, namely Mr. TENG Yongjun, Ms. WU Ling-ling and Ms. ZHENG Yingying; and three independent non-executive directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan.