華新建材集團股份有限公司
HUAXIN BUILDING MATERIALS GROUP CO., LTD.

華新建材集團股份有限公司
HUAXIN BUILDING MATERIALS GROUP CO., LTD.*

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

Stock code : 6655

2026
INTERIM REPORT

* For identification purposes only

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INTERPRETATION

In this report, unless the context otherwise requires, the below terms 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
Audit Committee	means	the audit committee of the Company
Board	means	the board of directors of the Company
China or PRC	means	The People's Republic of China
Director(s)	means	the director(s) of the Company
EBITDA	means	Earnings before interest, tax, depreciation and amortization
EBIT	means	Earnings Before Interest and Tax
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
Hong Kong	means	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Listing Rules	means	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	means	The Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Hong Kong Listing Rules
Reporting Period	means	From 1 January 2026 to 30 June 2026
RMB or Yuan or K Yuan or 10 K Yuan or Million Yuan or 100 Million Yuan	means	RMB, RMB1,000, RMB10,000, RMB million, RMB100 million, the lawful currency of China
RMX	means	Ready-mixed Concrete
SEHK	means	The Stock Exchange of Hong Kong Limited
SFO	means	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	means	Shanghai Stock Exchange
The Company or Company or HX BLDG MAT	means	HUAXIN BUILDING MATERIALS GROUP CO., LTD.
The Group	means	The Company and its subsidiaries

CORPORATE INFORMATION

I. CORPORATE 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

Joint Company Secretaries	Mr. Ye Jiaxing (Secretary to the Board)
	Ms. Lee Mei Yi
Tel	0086 27 87773898
Fax	0086 27 87773992
E-mail	investor@huaxincem.com
Securities Affairs Representative	Ms. Wang Xiaoqiong
Tel	0086 27 87773898
Fax	0086 27 87773992
E-mail	investor@huaxincem.com

III. BASIC INFORMATION

Registered office of the Company	No. 600 East Daqi Avenue, Huangshi City, Hubei Province, PRC
Business address of the Company	Block B, Huaxin Building, No. 426, Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, PRC
Principal place of business in Hong Kong	Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Postal code of the business address	430073
Website of the Company	www.huaxincem.com
E-mail	investor@huaxincem.com

IV. INFORMATION DISCLOSURE AND PLACE AVAILABLE

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

CORPORATE INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. THE COMPANY'S PRINCIPAL BUSINESSES AND OVERVIEW OF THE INDUSTRY DURING THE REPORTING PERIOD

1. The industry in which the Company operates is the building materials industry, specifically in the sector of building materials.

The demand for cement and other building material products is highly correlated to the national economy and fixed assets investment and are quite cyclical. In the first half of 2026, China's economy remained within a reasonable range, with new drivers of growth rapidly gaining momentum and GDP growing by 4.7% year-on-year. However, fixed asset investment came under significant pressure. Nationwide fixed asset investment (excluding rural households) reached RMB22.64 trillion, down 5.7% year-on-year, with infrastructure investment-which is closely correlated with demand for cement and other building materials-falling by 2.4%, and real estate development investment declining by 18.0%.

During the same period, weighed down by weakening overall investment, a profound structural adjustment in the real estate sector, tight project funding and a shortage of new projects commencement, the demand in the national cement market continued to contract. From January to June, cumulative national cement output stood at 736 million tons, down 8% year-on-year, hitting its lowest level for the same period in seventeen years. As the demand contracts larger than the supply, the supply-demand imbalance in the industry continued to intensify. Cement prices trended downward throughout the first half of the year, while rising coal costs on the cost side further squeezed the profitability of enterprises. Overall, the domestic cement industry is estimated to have recorded a total loss of RMB2–3 billion in the first half of the year.

Data sources: National Bureau of Statistics and China Cement Association.

The global economy has been hit by multiple shocks, including the Middle East conflict and trade policy adjustments, leading to pronounced regional divergence in growth and inflation. According to the International Monetary Fund (IMF)'s World Economic Outlook, global growth is projected to slow to 3.1% in 2026, with headline inflation rising to 4.4%. Nevertheless, most of the emerging economies where the Company operates its overseas business continue to maintain sound growth momentum. A research report from On Field Investment Research indicates that global cement demand (excluding China) is expected to grow by 4.4% year-on-year in 2026, and the countries where the Company's overseas operations are located all fall within regions experiencing demand growth.

2. The Company's principal businesses

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 trading. 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 RMX, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is among the Top 500 Chinese Manufacturing Enterprises and the Fortune China 500 Enterprises. As of 30 June 2026, 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, RMX capacity of 43,414 cubic meters/hour (including OEM capacity), aggregate capacity of 297 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 18.99 million tons/year (including projects that have received environmental impact assessment approval but have not yet been put into operation).

As of 30 June 2026, the revenue from the cement business accounted for approximately 66.58% of the total income of the Company, occupying a dominant position among all the Company's businesses.

II. 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.

As a pioneer in the international expansion of China's cement industry, and building on years of rapid development, the Company's total annual cement production capacity from overseas projects already in operation or under construction has exceeded 40 million tons, making it the leading Chinese cement enterprise in terms of overseas production capacity. Meanwhile, among domestic leading Chinese cement companies, the Company ranks first in both overseas revenue and overseas profit. The distinctive advantage of its globally diversified footprint has further reinforced its differentiated competitive moat amid the cyclical downturn of the domestic cement industry.

During the Reporting Period, the Company continued to consolidate and amplify its eight core strengths: whole-industry-chain scale and integration, green and low-carbon transformation, cutting-edge technological innovation, long-established brand reputation, premium and stable product quality, strategic domestic and international footprint, digital and intelligent management and controls, and a professional, stable and highly effective management team. These strengths have further fortified the Company's core competitive barriers. For a more comprehensive discussion of the Company's core competitiveness, please refer to the "Analysis of Core Competitiveness during the Reporting Period" section of the Company's 2025 Annual Report.

III. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION DURING THE REPORTING PERIOD

In the first half of 2026, global cement demand was broadly characterized by "stable aggregate volumes with sharp regional divergence". Emerging markets in Africa, Southeast Asia, Central Asia and Latin America maintained growth, while cement demand in China continued its overall downward trajectory, with the decline further widening. During the Reporting Period, the Company remained committed to its long-term strategic goal of becoming a globally leading multinational building materials group, and continued to implement its four core strategies: "Overseas Multi-business Development", "Domestic Integrated Synergy", "Carbon Emission Reduction and Value-added Innovation" and "Digital and AI-driven Transformation". The domestic integrated business maintained a stable base through the strategy of "extreme cost reduction, price stabilization and share protection", sustaining its position amid market competition. Overseas operations focused on "volume growth, efficiency enhancement and cost reduction", with all businesses achieving stable growth and maintaining efficient operations, have become the core growth engine for the Company's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company recorded an operating revenue of RMB19.497 billion, representing a year-on-year increase of 21.5%; and net profit attributable to shareholders of the parent company of RMB1.713 billion, representing a year-on-year increase of 55.22% year-on-year. This performance growth was primarily attributable to the continued stable growth of overseas operations, a year-on-year increase in the average selling price of cement products, and enhanced cost control measures.

During the Reporting Period, the Company recorded cement and clinker sales volume of 34.787 million tons, representing a year-on-year increase of 25.42%, of which overseas cement and clinker sales volume amounted to 13.1752 million tons, representing a year-on-year increase of 57.06%; aggregates sales volume of 86.33 million tons, representing a year-on-year increase of 13.51%; and RMX sales volume of 12.17 million cubic meters. The cement business generated operating revenue of RMB12.981 billion, representing a year-on-year increase of 41.85%, of which domestic cement operations contributed RMB4.440 billion and overseas cement operations contributed RMB8.542 billion. The aggregates business recorded operating revenue of RMB2.812 billion, representing a year-on-year increase of 1.78%; and the RMX business recorded operating revenue of RMB2.970 billion.

During the Reporting Period, the Company's consolidated gross margin increased by 2.63 percentage points year-on-year to 31.55%, of which the cement and clinker business gross margin increased by 4.36 percentage points to 34.59%, the RMX business gross margin increased by 2.99 percentage points to 16.11%, and the aggregates business gross margin stood at 38.30%, maintaining a solid level of profitability.

During the Reporting Period, the Company continued to make breakthroughs in its overseas multi-business development. In the first half of the year, a number of projects were completed and put into operation, including the Phase II 250,000 tons/year cement grinding station in Zimbabwe and the Kiln 1 upgrade at Simuma plant in South Africa (from 1,500 t/d to 2,300 t/d clinker production line). Preparatory work for the proposed acquisition of shares of Holcim Philippines Inc. was substantially completed. The 2,000 tons/day line in Matola Mozambique has restored production capability and is scheduled to resume operation at the end of August. The 3,000 tons/day line in Dondo has accelerated construction and is expected to be commissioned in the third quarter. The 3×5,000 t/d lines at Sagamu and Ashaka in Nigeria are progressing as schedule, and expected to be commissioned by the end of the year.

During the Reporting Period, the Company continued to advance green, low-carbon and sustainable development. In the first half of the year, the Group utilized a total of 1.636 million tons of various alternative fuels (internal statistical basis) and 663,800 tons of non-carbonate industrial solid waste, together reducing carbon dioxide emissions by 1.10 million tons (calculated in accordance with the Ministry of Ecology and Environment's Supplementary Data Sheet for Greenhouse Gas Emission Reporting in the Cement Industry). The Company has been included in the World Brand Lab rankings for 14 consecutive years, with a brand value of RMB127.569 billion, ranking 79th overall.

MANAGEMENT DISCUSSION AND ANALYSIS

IV. MAJOR OPERATIONS DURING THE REPORTING PERIOD

1. Changes of Items in Income Statement and Cash Flow Statement

Unit: RMB

	Amount for January to June 2026	Amount for January to June 2025	Change (%)
Revenue	**19,497,106,055**	16,046,640,187	21.50
Cost of sales	**13,345,011,236**	11,405,577,296	17.00
Selling expenses	**937,469,541**	762,586,412	22.93
Administrative expenses	**1,108,353,349**	939,872,641	17.93
Finance costs	**337,892,857**	437,166,210	−22.71
Research and development expenses	**68,321,490**	72,224,935	−5.40
Net cash flows from operating activities	**2,693,293,008**	1,623,794,304	65.86
Net cash flows from investing activities	**−1,356,488,071**	−2,143,578,153	36.72
Net cash flows from financing activities	**−1,612,585,841**	90,949,808	−1,873.05

(1) Reasons for the change in net cash flows from operating activities: primarily attributable to growth in operating performance.

(2) Reasons for the change in net cash flows from investing activities: primarily attributable to a decrease in cash outflows for business acquisitions.

2. Assets and Liabilities

Unit: RMB

Item	**As at 30 June 2026**	**% in the total assets**	As at 31 December 2025	% in the total assets	Change over the end of last period (%)	Remarks
Financial assets held for trading	**202,511,714**	**0.25**	1,660,727	–	12,094.16	Increase in monetary fund
Notes receivable	**157,296,841**	**0.19**	618,259,255	0.76	−74.56	Increase in transfer of notes
Construction in progress	**4,631,395,472**	**5.68**	3,457,360,696	4.26	33.96	Increase in the investment of overseas production lines
Other comprehensive income	**−9,076,256**	**−0.01**	115,309,695	0.14	−107.87	Appreciation in RMB to foreign exchange in overseas subsidiaries

3. Other explanations

(1) Capital structure, capital liquidity and financial resources

As at the end of the Reporting Period, the shareholders' equity amounted to RMB38.344 billion, and total equity attributable to shareholders of the Company was RMB33.205 billion.

As at the end of the Reporting Period, total liabilities were RMB43.171 billion, and liabilities with interests was RMB24.112 billion. Analysis on the bank loans as at the end of the Reporting Period are as follows:

Unit: RMB

	As at 30 June 2026	As at 31 December 2025
Within 1 year	**4,388,670,252**	4,119,388,234
1–2 years	**4,631,696,391**	3,758,887,117
2–5 years	**7,058,023,799**	7,901,310,642
Above 5 years	**1,366,236,400**	1,579,256,800
Total	**17,444,626,842**	17,358,842,793

Apart from the above loans, the Group has corporate bonds of RMB6.04 billion due in 1 to 5 years.

Asset liability ratio of the Company (total liabilities/total assets) decreased to 52.96% at the end of the Reporting Period from 53.87% at the beginning of the Reporting Period.

During the Reporting Period, there were no significant changes to the capital structure, capital liquidity and financial resources.

(2) Pledge of assets

Major restrictions on assets as at the end of the Reporting Period

Unit: RMB

	As at 30 June 2026
Cash and bank balances	**868,255,874**
Fixed assets	**4,848,869**
Intangible assets	**5,303,607**
Total	**878,408,350**

For details, please refer to Notes VII (1) and VII (20) to the financial statements.

(3) Risks of foreign exchange rate fluctuation

The Group is exposed to transactional foreign exchange risk. This type of risk arises from sales or purchases made by the operating units in currencies other than their functional currencies.

The Finance Department of the Head Office of the Group is responsible for monitoring the Group's foreign currency transactions and the scale of 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. During the Reporting Period, the Group entered into forward foreign exchange contracts to manage foreign exchange risk exposure.

For details, please refer to Note XI (1) Foreign exchange risk to the financial statements.

(4) Significant investment and capital expenditure

In the first half of 2026, the Group invested approximately RMB1.132 billion for new construction, renovation and expansion projects, mainly involving construction of overseas production lines and expenses for energy conservation and emission reduction upgrades. Based on the Group's current financial situation and profitability, it has sufficient self-funds and continuous operating cash inflows to meet the capital needs for the projects the Group. During the Reporting Period, the Group has not made any significant investments, acquisitions, or disposals of subsidiaries, associated companies, or joint ventures, and there are no plans for material investments or acquisitions of capital assets in the future.

(5) External equity investment

Unit: RMB

	As at 30 June 2026	As at 31 December 2025	Change (%)
Other equity instrument investment	**1,167,204,519**	1,169,235,616	−0.17
Others	**202,511,714**	1,660,727	12094.16
Long term equity investment	**590,960,512**	588,300,772	0.45

(6) Contingent liability

As at the end of the Reporting Period, the Group had no significant or contingent liability. For details, please refer to the Notes VII (34) to the financial statements.

V. OUTLOOK FOR THE SECOND HALF OF 2026

The year 2026 marks the first year of the 15th Five-Year Plan. Although external uncertainties persist and pressures from domestic structural adjustment and transformation remain evident, the overall outlook for China's economy in the second half of the year is supported by solid foundations for stable growth and high-quality development. The consumer market continues to recover, playing an increasingly prominent role in supporting economic growth. Macro policies are being coordinated to ensure the smooth operation of the economy. In the second half of the year, government bond fund allocation will pick up pace. The construction of modern infrastructure networks including water networks, new generation power grids, computing power networks, next-generation communication networks, urban underground utility tunnels, and logistics networks will be expedited. Urban renewal initiatives will be further advanced, while signs of stabilisation in the real estate market are gradually emerging. Infrastructure investment is expected to maintain steady growth.

Since 2025, the cement industry's efforts to address "involution competition" have continued to deepen. The new capacity replacement regulations have been implemented and are taking effect, and the routine supervision of registered production capacity is being carried out comprehensively. Through legal and market-based measures, the industry is guiding the orderly exit of outdated capacity and curbing uncontrolled capacity expansion. As a result, the supply demand imbalance in the industry is expected to improve marginally. However, given the modest recovery in aggregate demand and the persistently high volatility of fuel costs, profitability in the industry remains under pressure in the second half of the year, placing higher requirements on operational quality and efficiency. At the same time, global expansion has become a common pathway for leading domestic building materials companies to break through growth bottlenecks. As the high-quality development under the Belt and Road Initiative continues to advance, rapid urbanization and sustained infrastructure investment in emerging markets such as Africa, Southeast Asia and Central Asia are driving resilient long-term demand for cement and building materials, with significant regional profitability advantages.

Against this backdrop, the Company remains firmly committed to its long-term strategic goal of becoming a globally leading multinational building materials enterprise. It continues to advance the implementation of its four core strategies: "Overseas Multi-business Development", "Domestic Integrated Synergy", "Carbon Emission Reduction and Value-added Innovation" and "Digital and AI-driven Transformation". In the second half of the year, the Company will further strengthen its operational mindset and accelerate its green, smart and international transformation. In the domestic market, the priority will be focused on improving quality and efficiency, deepening business synergies and integration, and stabilizing the market, operations and performance. In overseas markets, the Company will place equal emphasis on scale expansion and quality enhancement, continue to expand its business boundaries, and further optimize its global footprint.

SIGNIFICANT MATTERS

I. CONNECTED TRANSACTION RELATED TO DAILY OPERATION

During the Reporting Period, the Company has no connected transactions related to daily operations.

II. MAJOR GUARANTEE PERFORMED OR YET TO BE PERFORMED DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the guarantee balance for subsidiaries amounted to RMB10,183,563,699, accounting for 26.56% of the net assets of the Company.

III. OTHER SIGNIFICANT MATTERS

1. During the Reporting Period, the Company was not involved in any significant litigation or arbitration.

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 several liability	Type	Basic information	Amount	Estimated amount of contingent liability	Progress	Consequence and impact	Enforcement
Moncement Building Materials LLC	Huaxin Building Materials Group Co., Ltd. (Former name: Huaxin Cement Co., Ltd.)		Arbitration	For detailed information, please refer to the Half Year Report 2025 of the Company at www.sse.com.cn	USD 77.0696 million	Yes RMB40 million	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.		

2. 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), and the acquisition of an aggregate of 1,573,400 H shares by the trustee of the 2026 H Share Award Scheme pursuant to the rules and terms of the trust deed of the 2026 H Share Award Scheme on the Stock Exchange at a total consideration of approximately RMB22,399,220, 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). As at the end of the Reporting Period, the Company did not hold or sell any treasury shares (as defined in the Listing Rules).

CHANGES IN SHARES AND SHAREHOLDERS

I. STRUCTURE OF SHARES

During the Reporting Period, there were no changes in the total number of shares and the capital structure of the Company.

II. SHAREHOLDERS

1. To the best knowledge of the Company, as at 30 June 2026, the total number of registered shareholders of the Company was 33,414, among which, the number of A Shares shareholders was 33,402, the number of H Shares shareholders was 12.

2. **Shareholding of the top 10 registered shareholders of the Company as at 30 June 2026**

Unit: share

Full name of shareholders	Class of shares	Number of shares held	Proportion (%)
HKSCC Nominees Limited	H Shares	734,719,819	35.34
HOLCHIN B.V.	A Shares	451,333,201	21.71
Huaxin Group Co., Ltd.	A Shares	354,801,639	17.07
Hong Kong Securities Clearing Company Limited	A Shares	51,048,329	2.46
Huang Jianjun	A Shares	14,041,658	0.68
China Railway Wuhan Group Co., Ltd.	A Shares	11,289,600	0.54
The National Social Security Fund 110 Combination	A Shares	9,812, 000	0.47
The National Social Security Fund 413 Combination	A Shares	8,910,000	0.43
Taiping Life Insurance Co., Ltd.-Traditional-Ordinary Insurance Product-022L-CT001 Shanghai	A Shares	5,451,810	0.26
Hang Yufu	A Shares	5,200,400	0.25

Notes: To the best knowledge of the Board, the Board is not aware of any connected relations or persons acting in concert among the top 10 registered shareholders of the Company.

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

As at 30 June 2026, the following persons (other than the Directors or chief executives of the Company) had interests in 5% or more of the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Unit: share

Full name of shareholders	Nature of interest	Class of shares	Number of shares	Approximate% of shares held in the relevant class	Approximate% of shares held in the total amount of share capital
Holcim Ltd.	Interest of controlled corporation	A Shares	451,333,201	33.57	21.71
		H Shares	417,902,467	56.88	20.10
		Total	869,235,668		41.81
Holderfin B.V.	Interest of controlled corporation	A Shares	451,333,201	33.57	21.71
		H Shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
Holchin B.V.	Beneficial owner	A Shares	451,333,201	33.57	21.71
		H Shares	384,210,624	52.29	18.48
		Total	835,543,825		40.19
State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government	Interest of controlled corporation	A Shares	356,201,639	26.50	17.13
Huangshi State-owned Assets Management Company Limited	Interest of controlled corporation	A Shares	356,201,639	26.50	17.13
Huaxin Group Co., Ltd	Beneficial owner	A Shares	354,801,639	26.39	17.07

Note：

The percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, no other persons (other than the directors and the chief executives of the Company) had interests in 5% or more of the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO or which would fall to be disclosed to the Company and the SEHK under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

I. CHANGE ON THE PROFILE OF DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Mr. Liu Fengshan resigned from his position as an executive Director, member of the Governance and Compliance Committee to the Board of Directors and the vice president of the company on 30 March 2026 due to his retirement.

On 28 May 2026, Mr. Ming Jinhua was appointed as a non-executive Director of the Eleventh Board of Directors on the 2025 Annual General Meeting, and he was appointed as a member of the Governance and Compliance Committee at the 24th meeting of the 11th Board of Directors. His term of office will run concurrently with that of the Board.

As of the date of this interim report, the Eleventh Board of Directors of the Company comprises Mr. Li Yeqing as executive Director; Mr. Xu Yongmo, Mr. Martin Kriegner, Mr. Olivier Milhand, Ms. Tan Then Hwee and Mr. Ming Jinhua, as non-executive Directors; Mr. Wong Kun Kau, Mr. Zhang Jiping and Mr. Jiang Hong, as independent non-executive Directors.

II. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the SEHK pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules were as follows:

Unit: shares

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 owner	A shares	1,424,534 (long position)	0.1060	0.0685
		H shares	1,435,296 (long position)	0.1954	0.0690
Mr. Ming Jinhua	Beneficial owner	H shares	248,800 (long position)	0.0339	0.0120
Mr. Liu Fengshan (cease to hold office on 30 March 2026)	Beneficial owner	A shares	334,200 (long position)	0.0249	0.0161
		H shares	463,600 (long position)	0.0631	0.0223

Note: the percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the Directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

III. INTERESTS OF DIRECTORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors of the Company had material interest in any transactions, arrangements or contracts entered into by the Company or its subsidiaries.

IV. COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code under the Hong Kong Listing Rules and the Policy on the holding and transfer of securities by the Directors and senior management of the Company as the code and guideline for securities transactions of Directors of the Company. The Company had made specific enquiries of all Directors and all Directors confirmed that they had complied with the required standards as set out in the Model Code and the Company's code of conduct in relation to securities transactions by Directors during the Reporting Period.

V. EMPLOYEES

As at 30 June 2026, the Company had 21,649 employees (including overseas employees).

During the Reporting Period, the Company established a diversified training system integrating online and offline channels, refined the management mechanism for internal trainers, and strengthened talent pipeline development to support its goal of becoming a globally leading multinational building materials group.

For management, customized training programs were offered, including Mini-MBA courses, advanced management training and online modules, systematically enhancing the overall competence of the management team. For operational staff, targeted training was provided across areas such as integrity, safety, technology, finance, marketing, procurement and logistics, reinforcing compliance standards and strengthening employees' professional skills in their respective roles. The competition on the AI course development was also held to sharpen the delivery and course design capabilities of internal trainers.

In response to the demands of global expansion, the Company launched a specialized training programme for expatriate general managers and introductory courses for overseas assignments, addressing skill gaps in business acumen and language proficiency among management talent sent abroad. The Huaxin International Academy was established as a core platform for cultivating global talent. The Academy has successfully organized its inaugural Global Advanced Management Programme, bringing together senior managers from multiple countries in Wuhan for intensive study and exchanges, deepening their understanding of the Group's strategy, corporate culture and business development.

VI. EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES

1. 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.

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 Building Materials 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 were 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 2026	Granted within the Reporting Period	Vested within the Reporting Period	Invalid within the Reporting Period	Withdrawn within the Reporting Period	Shares sold within the Reporting Period	As at 30 June 2026	Granted price (RMB)[1]	Grant date[2]	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive director & CEO	45,491	0	0	0	0	0	45,491				
Ming Jinhua	Non-Executive director	19,565	0	0	0	0	0	19,565				
Liu Fengshan	Then-serving Executive director	20,963	0	0	0	0	0	20,963	13.6	2023.9.28	14.97	2024.9.28–2026.9.28
Others	Other core employees	984,594	0	0	0	0	0	984,594				
Total		1,070,613	0	0	0	0	0	1,070,613				

Notes:

1. The granted price is the average transaction price at which this Phase I (2023) ESOP completed share purchase.

2. The grant date is the announcement date on completion of share purchase under this Phase I (2023) ESOP.

3. On the trading day immediately before 28 September 2023 (the grant date), the closing price of A share was RMB14.87.

4. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XIV) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the Directors 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.

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 27 May 2025, the 12th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the Granting Result of "Phase II (2024) ESOP Under 2023–2025 ESOP", specifying granting result of the Phase II (2024) ESOP, the unvested shares due to failure in achieving performance target were withdrawn and disposed by the Administration Committee of the Phase II (2024) ESOP, and all proceeds from disposal of such shares were vested in the Company.

DIRECTORS AND SENIOR MANAGEMENT

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

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 2026	Granted within the Reporting Period	Vested within the Reporting Period	Invalid within the Reporting Period	Withdrawn within the Reporting Period	Shares sold within the Reporting Period	As at 30 June 2026	Granted price (RMB)[1]	Grant date[2]	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive director & CEO	96,459	0	0	0	0	0	96,459				
Ming Jinhua	Non-Executive director	35,396	0	0	0	0	0	35,396				
Liu Fengshan	Then-serving Executive director	37,866	0	0	0	0	0	37,866	11.9	2024.10.1	14.23	2025.10.1–2027.10.1
Others	Other core employees	1,625,820	0	0	0	0	0	1,625,820				
Total		1,795,541	0	0	0	0	0	1,795,541				

Note:

1. The granted price is the average transaction price at which this Phase II (2024) ESOP completed share purchase.

2. The grant date is the announcement date on completion of share purchase under this Phase II (2024) ESOP.

3. On the trading day immediately before 1 October 2024 (the grant date), the closing price of A share was RMB14.23.

4. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XIV) to the financial statements prepared in accordance with the PRC Accounting Standards.

The maximum number of shares can be granted for each of the Directors 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. 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 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.

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.

On 28 May 2026, the 24th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the Granting Result of "Phase III (2025) ESOP Under 2023–2025 ESOP", specifying granting result of the Phase III (2025) ESOP. Based on the 2025 performance assessment results, the vesting of the Phase III (2025) ESOP shall be 100%.

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 2026	Granted within the Reporting Period	Vested within the Reporting Period	Invalid within the Reporting Period	Withdrawn within the Reporting Period	Shares sold within the Reporting Period	As at 30 June 2026	Granted price (RMB)[1]	Grant date[2]	Fair value as at the grant date (RMB)	Vesting period
Li Yeqing	Executive director & CEO	161,514	0	0	0	0	0	161,514	13.1	2025.9.24	17.90	2026.9.24–2028.9.24
Ming Jinhua	Non-Executive director	55,347	0	0	0	0	0	55,347				
Liu Fengshan	Then-serving Executive director	59,164	0	0	0	0	0	59,164				
Others	Other core employees	2,716,981	0	0	0	0	0	2,716,981				
Total		2,993,006	0	0	0	0	0	2,993,006				

Note:

1. The granted price is the average transaction price at which this Phase III (2025) ESOP completed share purchase.
2. The grant date is the announcement date on completion of share purchase under this Phase III (2025) ESOP.
3. On the trading day immediately before 24 September 2025 (the grant date), the closing price of A share was RMB17.90.
4. The accounting standards and policies to estimate the fair value of the shares in the 2023–2025 ESOP are set out in the Note (XIV) 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. 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 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.

2. 2025 A-Share Restricted Share Incentive Scheme

On 3 October 2025, the 18th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the 2025 A-Share Restricted Share Incentive Scheme (draft) and its Summary and related proposals of the plan and submitted them to shareholders' general meeting for review.

On 12 November 2025, the 4th Extraordinary Shareholders' Meeting of the Company approved the Proposal on the 2025 A-Share Restricted Share Incentive Scheme (draft) and its Summary and related proposals of the plan.

On 9 December 2025, the 20th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on Granting A-Share Restricted Shares to Incentive Participants.

On 31 December 31 2025, the Company completed the registration of the grant under the 2025 A-Share Restricted Share Incentive Scheme. The specific details of this restricted stock grant are as follows:

(1) Date of Grant: 9 December 2025

(2) Number of Shares Granted: 2,578,000 shares

(3) Grant Price: 8.90 yuan per share

(4) List of the Incentive Participants and the Granting:

Name	Position	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 grant date
Li Yeqing	Executive Director and CEO	91.59	35.53%	0.044%
Chen Qian	Chief Financial Officer and Vice President	17.86	6.93%	0.009%
Liu Fengshan	Then-serving Executive Director and Vice President	16.77	6.51%	0.008%
Du Ping	Vice President	17.05	6.61%	0.008%
Mei Xiangfu	Vice President	17.05	6.61%	0.008%
Yang Hongbing	Vice President	16.50	6.40%	0.008%
Xu Gang	Vice President	17.86	6.93%	0.009%
Wang Jiajun	Vice President	16.77	6.51%	0.008%
Ye Jiaxing	Board Secretary and Vice President	16.77	6.51%	0.008%
Lu Guobing	Vice President	14.07	5.46%	0.007%
Tang Jun	Vice President	15.51	6.02%	0.007%
Total		257.80	100%	0.1240%

Remarks:

1. # are the Company's executive directors, all of whom are involved in the Company's daily operations. When the Board of Directors deliberates on this Scheme and related proposals, the director(s) concerned shall abstain from voting; during the implementation of this Scheme, the director(s) shall not participate in administration of the Scheme.

2. None of the Participants mentioned above has been granted company shares exceeding 1.00% of the Company's total share capital at the time of the announcement of this draft Scheme under all valid equity incentive Scheme. The total number of underlying shares involved in all valid incentive schemes of the Company shall not exceed 10.00% of the Company's total share capital at the time of the announcement of this draft Scheme.

3. Any mismatch between the total value in the above table and the sum of the individual values, if any, will be due to rounding.

4. The closing price of the Company's A-shares immediately before the grant date (i.e. on the trading day immediately preceding the grant date) was RMB22.56.

5. The fair value of each restricted share at the grant date was RMB22.34, determined in accordance with the PRC Accounting Standards for Business Enterprises (specifically, ASBE No. 11 — Share-based Payment).

(5) Conditions for Grant and Unlocking of A-Share Restricted Shares under This Scheme

(a) Conditions for granting restricted shares

When all the following grant conditions are met, the Company shall grant restricted shares to the Participants. Conversely, if any of the following grant conditions is not satisfied, the Company shall not grant restricted shares to the Participants.

1 The Company has not encountered any of the following circumstances:

(i) The financial accounting report for the most recent fiscal year received an adverse opinion or a disclaimer of opinion from a certified public accountant;

(ii) The internal control of the financial report for the most recent fiscal year has been issued an adverse opinion or a disclaimer of opinion by a certified public accountant;

(iii) In the 36 months following the listing, there has been an instance where profit distribution was not conducted in compliance with laws, regulations, the Company's Articles of Association, or public commitments;

(iv) Where laws and regulations prohibit the implementation of equity incentives;

(v) Other circumstances as determined by the China Securities Regulatory Commission.

2 The Participant has not been involved in any of the following circumstances:

(i) In the past 12 months, having been deemed unsuitable by the stock exchange;

(ii) In the past 12 months, having been deemed unsuitable by the China Securities Regulatory Commission and its local offices;

(iii) In the past 12 months, having been subject to administrative penalties or market entry bans imposed by the China Securities Regulatory Commission and its local offices due to significant violations of laws and regulations;

(iv) Having circumstances stipulated by the Company Law that prohibit serving as a company director or senior management personnel;

(v) Where laws and regulations prohibit participation in equity incentives of listed companies;

(vi) Other circumstances as determined by the China Securities Regulatory Commission.

(b) Conditions for unlocking restricted shares

During the unlocking period, the restricted shares granted to a Participant may only be unlocked when all the following conditions are met:

1 The Company has not encountered any of the following circumstances:

(i) The financial accounting report for the most recent fiscal year received an adverse opinion or a disclaimer of opinion from a certified public accountant;

(ii) The internal control of the financial report for the most recent fiscal year has been issued an adverse opinion or a disclaimer of opinion by a certified public accountant;

(iii) In the 36 months following the listing, there has been an instance where profit distribution was not conducted in compliance with laws, regulations, the Company's Articles of Association, or public commitments;

(iv) Where laws and regulations prohibit the implementation of equity incentives;

(v) Other circumstances as determined by the China Securities Regulatory Commission.

2 The Participant has not been involved in any of the following circumstances:

(i) In the past 12 months, having been deemed unsuitable by the stock exchange;

(ii) In the past 12 months, having been deemed unsuitable by the China Securities Regulatory Commission and its local offices;

(iii) In the past 12 months, having been subject to administrative penalties or market entry bans imposed by the China Securities Regulatory Commission and its local offices due to significant violations of laws and regulations;

(iv) Having circumstances stipulated by the Company Law that prohibit serving as a company director or senior management personnel;

(v) Where laws and regulations prohibit participation in equity incentives of listed companies;

(vi) Other circumstances as determined by the China Securities Regulatory Commission.

If the Company encounters any of the circumstances specified in Clause 1 above, all Participants shall have their restricted shares, which have been granted but not yet unlocked, repurchased and canceled by the Company at the grant price. If any Participant encounters any of the circumstances specified in Clause 2 above, the restricted shares granted to that Participant under this Scheme but not yet unlocked shall be repurchased and canceled by the Company at the grant price.

3 Company-level performance assessment requirements

The performance targets corresponding to the first and second unlocking periods will be uniformly determined based on the assessment results at the end of the 2027 fiscal year.

(i) Assessment indicators and requirements

The assessment indicators are "relative total shareholder return" and "compound annual growth rate of earnings per share".

① Relative total shareholder return

	Relative Total Shareholder Return Percentile		
Assessment Indicators	**Threshold**	**Target**	**Challenge**
First Unlocking Period Second Unlocking Period	60th percentile	75th percentile	90th percentile

Note 1: Total Shareholder Return (TSR) = (Closing Stock Price − Opening Stock Price + Dividends Paid During the Period)/ Opening Stock Price, where: the Closing Stock Price is calculated based on the average closing price of trading days from 1 November 2027 to 29 February 2028; the Opening Stock Price is calculated based on the average closing price of trading days from 1 November 2024 to 28 February 2025; Dividends Paid During the Period refer to the cumulative dividends actually distributed from 1 January 2025 to 31 December 2027; the calculation is adjusted for stock splits and dividends at the period end.

Note 2: Relative Total Shareholder Return Composite Percentile = A-share Benchmark Group Percentile × A-share Weight + Overseas Share Benchmark Group Percentile × Overseas Share Weight, where the weights for A-shares and overseas shares are 65% and 35%, respectively.

"Relative Total Shareholder Return" employs a benchmarking method that compares against the percentile level of the peer group.

As a leading enterprise in the building materials industry listed on both the A-share and Hong Kong stock markets, the Company's core business is the production and sale of cement, while also covering related upstream and downstream operations such as concrete and aggregates. Leveraging its global presence, the Company is expanding its overseas cement and innovative building materials businesses. According to the China Securities Industry Classification, the Company operates in the building materials sector. Considering core characteristics such as specific product segments, domestic and overseas production capacity, regional market size, and business models, the Company has selected listed companies with comparable main operations and business models to accurately reflect its dual-listing platform attributes and global development strategy. The benchmark group comprises two subsets: the "Overseas Share Benchmark Group" and the "A-Share Benchmark Group". Specifically, the Overseas Share Benchmark Group includes nine leading cement companies listed in H-share market (including Huaxin Cement) and globally prominent cement firms. The A-Share Benchmark Group consists of twelve leading cement and building materials companies listed on the A-share market (including Huaxin Cement).

② Compound annual growth rate of earnings per share

Assessment Indicators	Compound Annual Growth Rate of Earnings Per Share for 2027 Compared to 2024		
	Threshold	Target	Challenge
First Unlocking Period Second Unlocking Period	3%	5%	7%

Note 1: Earnings per share = (Net profit ± Post-tax gains and losses from the Company's disposal of assets ± Post-tax impairment of goodwill and long-term assets)/Weighted average number of shares outstanding.

(ii) Calculation of assessment scores

Company-level performance assessment score = ∑(Assessment indicator score × Assessment indicator weight), where the scoring criteria and weights for each assessment indicator are as follows:

Scoring Criteria for Each Indicator	Assessment Indicator Score
X < Threshold	0
X = Threshold	25
Threshold < X < Target	25 + (Actual value of assessment indicator − Threshold)/(Target − Threshold) × (50–25)
X = Target	50
Target < X < Challenge	50 + (Actual value of assessment indicator − Target)/(Challenge − Target) × (100–50)
X ≥ Challenge	100

Assessment Indicators	Weighting
Relative total shareholder return	50%
Compound annual growth rate of earnings per share	50%

(iii) Assessment score and unlocking ratio

The relationship between the Company-level performance assessment score and the corresponding annual unlocking ratio is:

Annual unlocking ratio = Company-level performance assessment score/100

The Company will determine the unlocking ratio based on the specified assessment targets and calculation method. All A-share restricted shares held by the Participants not qualified for unlocking in the current assessment year shall be repurchased and canceled by the Company at a repurchase price equivalent to the sum of the grant price and the corresponding bank deposit interest for the same period.

4 Personal performance evaluation requirements

Provided that the Company-level performance assessment meets the required standards, in accordance with the Company's relevant remuneration and assessment regulations, the average personal annual performance assessment result of the Participant during the three-year performance period of this Scheme must reach or exceed 0.8 for unlocking in accordance with the unlocking ratio stipulated in this Scheme. If the target is not met (i.e., below 0.8), the granted A-share restricted shares eligible for unlocking under the Scheme will not be unlocked. The restricted shares that cannot be unlocked will be repurchased and canceled by the Company at a repurchase price equal to the sum of the grant price and the corresponding bank deposit interest for the same period.

(6) The Validity Period, Lock-up Period and Unlocking Arrangement of This Scheme

(a) 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 Incentive Participants is unlocked or repurchased and canceled, with a maximum duration not exceeding 60 months.

(b) 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 Incentive Participants shall not transfer, use as collateral, or repay debts with the A-share restricted shares granted under this Incentive Scheme before unlocking.

During the lock-up period, the cash dividends received by the Incentive Participants in respect of the granted A-share restricted shares shall be held by the Company and paid to the Incentive Participants as payable dividends upon the unlocking; if the unlocking cannot be done in accordance with this Incentive Scheme, the cash dividends corresponding to the restricted shares that cannot be unlocked shall be reclaimed by the Company.

The shares obtained by the Incentive Participants from the granted A-share restricted shares due to capitalisation of capital reserves, bonus issue, or stock splits shall also be subject to the lock-up, and shall not be traded on the secondary market or otherwise transferred, and shall be subject to the same lock-up period as the corresponding restricted shares. If the Company repurchases the restricted shares that have not yet been unlocked, such shares shall also be repurchased together with the restricted shares.

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 Incentive 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 Incentive 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%

The total number of outstanding shares under the 2025 A-Share Restricted Share Incentive Scheme at the beginning and end of the Reporting Period was 2,578,000 A shares and 2,578,000 A shares, respectively, and the total number of shares available for grant under the scheme mandate at the beginning and end of the period was 2,578,000 A shares and 2,578,000 A shares, respectively.

3. 2026 H-Share Award Scheme

On 26 March 2026, the 22nd Meeting of the Eleventh Board of Directors of the Company approved the Proposal on the 2026 H-Share Award Scheme (draft) and related proposals of the plan and submitted them to the shareholders' general meeting for review.

On 17 April 2026, the 1st Extraordinary Shareholders' Meeting of the Company approved the Proposal on the 2026 H-Share Award Scheme (draft).

The 2026 H-Share Award Scheme (the "Scheme") constitutes a share scheme funded by existing shares under Chapter 17 of the Listing Rules and is subject to the disclosure requirements under Rule 17.12. The Scheme does not involve the issue of new shares or the granting of options for any new securities of the Company.

As of 30 June 2026, pursuant to the rules of the 2026 H Share Award Scheme and the terms of the trust deed, the trustee of the 2026 H Share Award Scheme purchased on the Stock Exchange a total of 1,573,400 H Shares at an aggregate consideration of approximately RMB22,399,220. These H Shares are held on trust for the purpose of satisfying future awards to selected participants under the 2026 H Share Award Scheme.

No awards under the 2026 H Share Award Scheme had been granted, vested, exercised, cancelled or lapsed during the six months ended 30 June 2026, including to (i) any director, chief executive or substantial shareholder of the Company or their respective associates; (ii) any participant in excess of the 1% individual limit; (iii) any related entity participant or service provider exceeding the 0.1% threshold in any 12-month period; or any other employee participants, related entity participants or service providers (whether individually or by category).

Remuneration and Assessment Committee

During the Reporting Period, the Remuneration and Assessment Committee reviewed matters relating to the Phase III (2025) ESOP Under 2023–2025 ESOP and the 2026 H-Share Award Scheme, including the implementation and relevant performance assessment results of such schemes. The Remuneration and Assessment Committee considered that the relevant matters were in compliance with the applicable scheme rules and relevant requirements.

OTHER INFORMATION

I. REVIEW OF UNAUDITED INTERIM RESULT

The Company has set up the Audit Committee with terms of reference in compliance with all the applicable code provisions contained in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee is responsible for reviewing and supervision of the financial reporting procedures, risk management and the internal controls of the Group as well as providing advice and suggestions to the Board. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2026 as disclosed in this report, but such results have not been audited by the external auditor. The Audit Committee and the auditors have no disagreement with the accounting treatments adopted by the Company.

II. DIVIDEND

The Board did not recommend the payment of interim dividend nor capital reserve converted to equity capital for the Reporting Period.

III. CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules during the Reporting Period.

IV. UTILIZATION OF CORPORATE BONDS

As of the end of the Reporting Period, the proceeds had been fully utilized in accordance with the designed purpose of the bonds.

V. SIGNIFICANT SUBSEQUENT EVENTS

On 31 July 2026, the 26th Meeting of the Eleventh Board of Directors of the Company approved the Proposal on Related-party Acquisition of Holcim's Philippines Assets, and approved Huaxin Central Asia Investment (Wuhan) Co., Ltd, a wholly-owned subsidiary of the Company (the "Purchaser") to acquire the equity interests in Holcim Philippines Inc. (the "Core Target Company" or "HPI") indirectly and directly held by Holderfin B.V. (the "Vendor") in two phases. In the first phase (the Transaction), the purchase consideration will be based on an enterprise value of USD 780 million for the Core Target Company on a 100% equity basis. The Company will indirectly acquire 67.623% of the shares in the Core Target Company through the acquisition of shares in three holding companies, with a consideration of approximately USD 527 million (subject to adjustment under a closing accounts mechanism pursuant to the cash, debt, non-trade transaction, and working capital of HPI at closing); in the second phase, the Company will acquire 31.377% shares in the Core Target Company directly held by the Vendor three years later either through the exercise of a call option by the Purchaser or a put option by the Vendor. The consideration for such part shall be the latest audited annual revenue of the Core Target Company (net of any incremental revenue attributable to production expansion)*2.4*31.377%, and shall be no less than USD 280 million.

The Transaction is still subject to approval by the Shareholders' Meeting of the Company, and the relevant overseas investment filings with the National Development and Reform Commission and the Ministry of Commerce, completion of foreign exchange registration with the State Administration of Foreign Exchange, and approval by the Philippine Competition Commission. For further details, please refer to the announcement of the Company dated 2 August 2026.

After the Reporting Period and up to the date of this interim report, save for the events disclosed in this interim report, the Group did not have any material subsequent events.

FINANCIAL STATEMENTS (UNAUDITED)

I. AUDITOR'S REPORT

The financial statements have not been audited.

II. FINANCIAL STATEMENTS

30 June 2026 CONSOLIDATED BALANCE SHEET

30 June 2026

Huaxin Building Materials Group Co., Ltd.* — Expressed in Renminbi Yuan

Items	NOTE Ⅶ	30 June 2026	31 December 2025
Current assets			
Cash and bank balances	1	**8,841,434,666**	8,534,683,464
Financial assets held for trading	2	**202,511,714**	1,660,727
Notes receivable	3	**157,296,841**	618,259,255
Accounts receivable	4	**3,613,577,101**	3,203,781,601
Receivables financing	5	**584,772,997**	488,921,677
Prepayments	6	**464,533,230**	382,881,818
Other receivables	7	**793,575,654**	784,090,473
Inventories	8	**3,857,137,046**	3,530,231,399
Non-current Assets Maturing Within One Year		**34,000,000**	40,000,000
Other current assets	9	**936,115,219**	825,399,926
Total current assets		**19,484,954,468**	18,409,910,340
Non-current assets			
Long-term receivables	10	**43,186,673**	27,291,183
Long-term equity investments	11	**590,960,512**	588,300,772
Other equity investments	12	**1,167,204,519**	1,169,235,616
Other non-current financial assets		**31,159,332**	40,984,749
Fixed assets	13	**30,434,689,586**	31,711,408,367
Construction in progress	14	**4,631,395,472**	3,457,360,696
Right-of-use assets	15	**1,120,189,505**	1,262,445,427
Intangible assets	16	**16,531,318,485**	16,773,346,650
Development expenditures		**57,206,076**	52,906,198
Goodwill	17	**4,396,838,546**	4,353,990,320
Long-term prepaid expenses	18	**991,597,149**	1,019,261,783
Deferred tax assets	19	**823,572,564**	752,940,769
Other non-current assets		**1,210,701,822**	1,453,712,611
Total non-current assets		**62,030,020,241**	62,663,185,141
Total assets		**81,514,974,709**	81,073,095,481

30 June 2026 CONSOLIDATED BALANCE SHEET — *continued*

30 June 2026

Huaxin Building Materials Group Co., Ltd.* Expressed in Renminbi Yuan

Items	NOTE Ⅶ	30 June 2026	31 December 2025
Current liabilities			
Short-term borrowings	21	**604,050,157**	568,934,645
Notes payable	22	**521,476,685**	653,818,101
Accounts payable	23	**8,129,925,122**	8,168,201,333
Contract liabilities	24	**1,199,586,415**	1,295,767,010
Employee benefits payable	25	**314,623,886**	294,664,668
Taxes and surcharges payable	26	**1,127,004,108**	1,306,360,135
Other payables	27	**1,406,233,593**	1,159,082,004
Current portion of non-current liabilities	28	**5,334,884,469**	5,432,376,523
Other current liabilities		**89,943,989**	75,251,827
Total current liabilities		**18,727,728,424**	18,954,456,246
Non-current liabilities			
Long-term borrowings	29	**13,055,956,591**	13,215,254,559
Bonds payable	30	**5,240,837,655**	5,243,954,003
Lease liabilities	31	**846,100,721**	948,824,367
Long-term payables	32	**1,094,792,845**	1,089,119,472
Long-term employee benefits payable	33	**58,748,661**	59,088,240
Provisions	34	**1,378,115,650**	1,320,989,931
Deferred income	35	**263,265,006**	250,971,380
Deferred tax liabilities	19	**2,406,113,753**	2,491,502,397
Other non-current liabilities	36	**99,693,000**	99,693,000
Total non-current liabilities		**24,443,623,882**	24,719,397,349
Total liabilities		**43,171,352,306**	43,673,853,595

FINANCIAL STATEMENTS (UNAUDITED)

30 June 2026 CONSOLIDATED BALANCE SHEET — *continued*

30 June 2026

Huaxin Building Materials Group Co., Ltd.*

Expressed in Renminbi Yuan

Items	NOTE Ⅶ	30 June 2026	31 December 2025
Equity			
Share capital	37	**2,078,995,649**	2,078,995,649
Capital reserves	38	**1,602,572,114**	1,584,045,224
Less: Treasury shares	39	**120,482,422**	98,083,202
Accumulated other comprehensive income	40	**−9,076,256**	115,309,695
Specialized reserves	41	**56,478,749**	60,561,207
Surplus reserves	42	**1,111,880,257**	1,111,880,257
Unappropriated profit	43	**28,484,920,254**	27,208,717,454
Total equity attributable to owners of the parent		**33,205,288,345**	32,061,426,284
Non-controlling interests		**5,138,334,058**	5,337,815,602
Total equity		**38,343,622,403**	37,399,241,886
Total liabilities and equity		**81,514,974,709**	81,073,095,481

Legal representative: Li Yeqing

Financial controller: Chen Qian

Accounting supervisor: Wu Qiaoli

COMPANY BALANCE SHEET

30 June 2026

Huaxin Building Materials Group Co., Ltd.* — Expressed in Renminbi Yuan

Items	NOTE XVIII	30 June 2026	31 December 2025
Current assets			
Cash and bank balances		**2,021,751,519**	2,718,940,440
Financial assets held for trading		**200,000,000**	—
Notes receivable		**12,441,474**	15,128,183
Accounts receivable	1	**422,049,745**	445,090,455
Receivables financing		**28,383,506**	33,431,069
Prepayments		**85,875,697**	62,075,324
Other receivables	2	**13,094,303,543**	12,613,014,195
Inventories		**444,702,272**	186,071,539
Other current assets		**236,023,465**	130,898,733
Total current assets		**16,545,531,221**	16,204,649,938
Non-current assets			
Long-term receivables		**57,566,495**	49,219,815
Long-term equity investments	3	**19,830,534,743**	18,837,031,146
Other equity investments		**1,167,204,519**	1,169,235,616
Other non-current financial assets		**31,159,332**	40,984,749
Fixed assets		**481,480,127**	495,998,443
Construction in progress		**13,486,974**	13,947,998
Right-of-use assets		**16,864,727**	22,394,684
Intangible assets		**100,836,243**	102,158,717
Development expenditures		**40,710,690**	40,710,690
Long-term prepaid expenses		**4,581,344**	5,938,012
Deferred tax assets		**170,597,559**	115,242,373
Total non-current assets		**21,915,022,753**	20,892,862,243
Total assets		**38,460,553,974**	37,097,512,181

COMPANY BALANCE SHEET — *continued*

30 June 2026

Huaxin Building Materials Group Co., Ltd.*

Expressed in Renminbi Yuan

Items	NOTE XVIII	**30 June 2026**	31 December 2025
Current liabilities			
Notes payable		**50,363,298**	153,257,819
Accounts payable		**339,780,428**	255,812,630
Contract liabilities		**72,716,362**	19,957,194
Employee benefits payable		**14,996,397**	24,588,255
Taxes payable		**37,727,316**	70,404,856
Other payables		**7,317,266,476**	6,375,990,538
Current portion of non-current liabilities		**2,074,806,199**	2,085,812,278
Total current liabilities		**9,907,656,476**	8,985,823,570
Non-current liabilities			
Long-term borrowings		**6,176,066,995**	6,175,158,995
Bonds payable		**5,092,849,426**	5,091,667,622
Lease liabilities		**6,783,753**	6,404,294
Long-term payables		**297,783,453**	292,632,342
Long-term employee benefits payable		**2,914,565**	6,985,028
Provisions		**46,864,253**	46,864,253
Deferred income		**3,771,167**	3,250,000
Total non-current liabilities		**11,627,033,612**	11,622,962,534
Total liabilities		**21,534,690,088**	20,608,786,104

COMPANY BALANCE SHEET — *continued*

30 June 2026

Huaxin Building Materials Group Co., Ltd.* Expressed in Renminbi Yuan

Items	NOTE XVIII	30 June 2026	31 December 2025
Owners' equity			
Share capital		**2,078,995,649**	2,078,995,649
Capital reserves		**1,895,255,325**	1,876,728,435
Less: Treasury shares		**120,482,422**	98,083,202
Accumulated other comprehensive income		**113,834,290**	115,357,613
Surplus reserves		**1,111,880,257**	1,111,880,257
Unappropriated profit		**11,846,380,787**	11,403,847,325
Total equity		**16,925,863,886**	16,488,726,077
Total liabilities and equity		**38,460,553,974**	37,097,512,181

Legal representative:	Financial controller:	Accounting supervisor:
Li Yeqing	Chen Qian	Wu Qiaoli

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED INCOME STATEMENT

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE VII	First half of 2026	First half of 2025
Gross revenue	44	**19,497,106,055**	16,046,640,187
Including: Revenue		**19,497,106,055**	16,046,640,187
Total cost of sales		**16,220,610,806**	14,034,455,983
Less: Cost of sales	44	**13,345,011,236**	11,405,577,296
Taxes and surcharges	45	**423,562,333**	417,028,489
Selling expenses	46	**937,469,541**	762,586,412
Administrative expenses	47	**1,108,353,349**	939,872,641
Research and development expenses		**68,321,490**	72,224,935
Finance costs	48	**337,892,857**	437,166,210
Including: Interest expenses	48	**362,309,724**	354,306,130
Interest income	48	**171,455,501**	89,363,313
Add: Other income	49	**56,362,340**	71,238,835
Investment income	50	**8,114,458**	1,054,289
Including: Income from investments in associates and joint ventures	50	**1,853,743**	2,710,821
Gains (Losses) from changes in fair value	51	**−9,825,417**	2,128,471
Credit impairment loss	52	**−40,807,613**	−26,233,268
Asset Impairment Loss	53	**−1,711,081**	−4,054,858
Gains/(Losses) on disposal of assets	54	**22,331,605**	−453,063
Operating profit		**3,310,959,541**	2,055,864,610
Add: Non-operating income	55	**12,344,464**	7,589,190
Less: Non-operating expenses	56	**69,309,174**	38,525,586
Profit before taxes		**3,253,994,831**	2,024,928,214
Less: Income tax expenses	57	**999,498,355**	624,995,493
Profit		**2,254,496,476**	1,399,932,721
Classified by continuity of operations			
Profit from continuing operations		**2,254,496,476**	1,399,932,721
Classified by attribution of ownership			
Profit attributable to owners of the parent		**1,712,791,886**	1,103,484,806
Profit attributable to non-controlling interests		**541,704,590**	296,447,915

CONSOLIDATED INCOME STATEMENT — *continued*

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE VII	**First half of 2025**	First half of 2024
Other comprehensive income, net of tax		**−134,525,621**	58,306,160
Other comprehensive income, net of tax, attributable to owners of the parent		**−124,385,951**	14,006,261
Other comprehensive income that cannot be reclassified to profit or loss		**−1,523,323**	8,323,168
Changes in fair value of other equity investment instruments		**−1,523,323**	8,323,168
Other comprehensive income to be reclassified into profit or loss		**−122,862,628**	5,683,093
Cash Flow Hedge Reserve		**—**	−19,957,909
Exchange differences on translation of foreign currency financial statements		**−122,862,628**	25,641,002
Other comprehensive income, net of tax, attributable to non-controlling interests		**−10,139,670**	44,299,899
Total comprehensive income		**2,119,970,855**	1,458,238,881
Total comprehensive income attributable to owners of the Company		**1,588,405,935**	1,117,491,067
Total comprehensive income attributable to non-controlling interests		**531,564,920**	340,747,814
Earnings per share			
Basic earnings per share	58	**0.83**	0.53
Diluted earnings per share	58	**0.80**	0.52

Legal representative:	Financial controller:	Accounting supervisor:
Li Yeqing	Chen Qian	Wu Qiaoli

FINANCIAL STATEMENTS (UNAUDITED)

COMPANY INCOME STATEMENT

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE XVIII	First half of 2026	First half of 2025
Revenue	4	**851,368,745**	1,115,929,981
Less: Cost of sales	4	**651,681,514**	922,841,822
Taxes and surcharges		**8,666,921**	7,423,253
Selling expenses		**12,356,635**	7,297,739
Administrative expenses		**148,007,762**	128,943,258
Research and development expenses		**38,611,380**	28,620,053
Finance costs		**147,017,161**	52,436,593
Including: Interest expenses		**42,929,128**	73,835,479
Interest income		**90,971,010**	88,592,855
Add: Other income		**4,460,655**	4,222,308
Investment income	5	**1,014,963,874**	1,340,340,740
Including: Income(losses) from investments in associates and joint ventures		**1,227,509**	1,195,218
Fair value gains(losses)		**−9,825,417**	2,128,471
Credit impairment losses		**−858,970**	−114,044
Impairment losses of assets		**−92,045**	−49,662
Gains(losses) on disposal of non-current assets		**−7,521**	17,337
Operating profit		**853,667,948**	1,314,912,413
Add: Non-operating income		**2,440,302**	264,485
Less: Non-operating expenses		**30,824,261**	915,257
Profit before taxes		**825,283,989**	1,314,261,641
Less: Income tax expenses		**−53,838,559**	−5,180,519
Net profit		**879,122,548**	1,319,442,160
Including: Profit from continuing operations		**879,122,548**	1,319,442,160
Other comprehensive income, net of tax		**−1,523,323**	−11,634,741
Other comprehensive income that will not be reclassified to profit or loss		**−1,523,323**	8,323,168
Change in the fair value of other equity investments		**−1,523,323**	8,323,168
Other comprehensive income to be reclassified into profit or loss		**–**	−19,957,909
Cash Flow Hedge Reserve		**–**	−19,957,909
Total comprehensive income		**877,599,225**	1,307,807,419

Legal representative:	Financial controller:	Accounting supervisor:
Li Yeqing	Chen Qian	Wu Qiaoli

CONSOLIDATED STATEMENT OF CASH FLOWS

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE VII	First half of 2026	First half of 2025
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and the rendering of services		**17,502,502,142**	13,785,982,422
Receipts of taxes and surcharges refunds		**27,427,878**	31,172,968
Other cash receipts relating to operating activities	59	**563,897,342**	436,849,993
Total of cash inflows from operating activities		**18,093,827,362**	14,254,005,383
Cash payments for goods and services		**9,983,625,797**	8,288,777,560
Cash payments to and on behalf of employees		**1,741,824,528**	1,550,351,382
Payments of all types of taxes and surcharges		**2,526,839,985**	1,965,441,912
Other cash payments relating to operating activities	59	**1,148,244,044**	825,640,225
Total cash outflows from operating activities		**15,400,534,354**	12,630,211,079
Net cash flows from operating activities		**2,693,293,008**	1,623,794,304
II. Cash flows from investing activities			
Cash receipts from returns of investments		**634,071,250**	360,000,000
Cash receipts from returns on investments		**2,275,033**	3,271,491
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		**230,261,175**	430,968,279
Net cash receipts from disposal of subsidiaries and other business units		**10,000**	—
Other cash receipts relating to investing activities	59	**18,600,000**	25,900,000
Total cash inflows from investing activities		**885,217,458**	820,139,770
Cash payments to acquire fixed assets, intangible assets and other long-term assets		**1,131,618,503**	1,238,087,883
Cash payments for investments		**1,110,087,026**	330,000,000
Net cash payments for acquisition of subsidiaries and other business units		**—**	1,217,289,372
Other cash payments relating to investing activities	59	**—**	178,340,668
Total cash outflows from investing activities		**2,241,705,529**	2,963,717,923
Net cash flows from investing activities		**−1,356,488,071**	−2,143,578,153

CONSOLIDATED STATEMENT OF CASH FLOWS — *continued*

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE VII	First half of 2026	First half of 2025
III. Cash flows from financing activities:			
Cash proceeds from investments by others		**—**	—
Cash receipts from borrowings		**1,739,567,682**	3,266,316,040
Other cash receipts relating to financing activities	59	**34,392,754**	343,311,818
Total of cash inflows from financing activities		**1,773,960,436**	3,609,627,858
Cash repayment for debts		**1,866,824,523**	1,994,791,503
Cash payments for distribution of dividends or profit and interest expenses		**1,306,309,007**	1,304,084,746
Other cash payments relating to financing activities	59	**213,412,747**	219,801,801
Total cash outflows from financing activities		**3,386,546,277**	3,518,678,050
Net cash flows from financing activities		**−1,612,585,841**	90,949,808
IV. Effect of exchange rate changes on cash and cash equivalents		**−69,934,137**	−33,372,287
V. Net increase in cash and cash equivalents		**−345,715,041**	−462,206,328
Add: Cash and cash equivalents at beginning of year		**6,826,727,134**	6,219,040,331
VI. Cash and cash equivalents at end of year		**6,481,012,093**	5,756,834,003

Legal representative:	Financial controller:	Accounting supervisor:
Li Yeqing	Chen Qian	Wu Qiaoli

COMPANY STATEMENT OF CASH FLOWS

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE	First half of 2026	First half of 2025
I. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services		**721,527,770**	868,813,305
Receipts of tax and surcharges refunds		**–**	2,244,936
Other cash receipts relating to operating activities		**305,221,748**	824,339,693
Total cash inflows from operating activities		**1,026,749,518**	1,695,397,934
Cash payments for goods and services		**729,298,851**	728,468,578
Cash payments to and on behalf of employees		**206,635,680**	75,800,785
Payments of all types of taxes and surcharges		**95,482,334**	13,250,020
Other cash payments relating to operating activities		**191,479,816**	345,200,317
Total cash outflows from operating activities		**1,222,896,681**	1,162,719,700
Net cash flows from operating activities		**−196,147,163**	532,678,234
II. Cash flows from investing activities			
Cash receipts from returns of investments		**600,000,000**	260,000,000
Cash receipts from returns on investments		**749,736,365**	1,100,245,522
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**168,570**	591,699
Other cash receipts relating to investing activities		**1,162,424,600**	505,080,667
Total cash inflows from investing activities		**2,512,329,535**	1,865,917,888
Cash payments to acquire fixed assets, intangible assets and other long-term assets		**4,983,456**	6,745,215
Cash payments for investments		**800,000,000**	230,000,000
Net cash payments for acquisition of subsidiaries and other business units		**–**	950,071,531
Other cash payments relating to other investing activities		**1,204,497,000**	586,672,600
Total cash outflows from investing activities		**2,009,480,456**	1,773,489,346
Net cash flows from investing activities		**502,849,079**	92,428,542

COMPANY STATEMENT OF CASH FLOWS — *continued*

First half of 2026

Expressed in Renminbi Yuan

Items	NOTE	First half of 2026	First half of 2025
III. Cash flows from financing activities			
Cash proceeds from investments by others		**—**	—
Cash receipts from borrowings		**570,000,000**	1,869,532,600
Other cash receipts relating to financing activities		**3,944,685,092**	4,577,739,129
Total cash inflows from financing activities		**4,514,685,092**	6,447,271,729
Cash repayments for debts		**568,488,543**	405,030,000
Cash payments for distribution of dividends or profit and interest expenses		**355,481,195**	625,072,500
Other cash payments relating to financing activities		**4,589,991,279**	6,358,283,473
Total cash outflows from financing activities		**5,513,961,017**	7,388,385,973
Net cash flows from financing activities		**−999,275,925**	−941,114,244
IV. Effect of exchange rate changes on cash and Cash equivalents		**−4,608,727**	5,992,678
V. Net increase in cash and cash equivalents		**−697,182,736**	−310,014,790
Add: Cash and cash equivalents at beginning of year		**2,718,924,035**	2,511,259,172
VI. Cash and cash equivalents at end of year		**2,021,741,299**	2,201,244,382

Legal representative: Li Yeqing

Financial controller: Chen Qian

Accounting supervisor: Wu Qiaoli

FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

First half of 2026

Expressed in Renminbi Yuan

	First half of 2026									
	Attributable to owners of the parent									
Items	**Share capital**	**Capital reserves**	**Less: Treasury shares**	**Accumulated other comprehensive income**	**Specialized reserves**	**Surplus reserves**	**Unappropriated profit**	**Subtotal**	**Non-controlling interests**	**Total equity**
Ⅰ. Balance at end of prior 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**
Ⅱ. Balance at end of prior 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**
Ⅲ. Changes for the year	**–**	**18,526,890**	**22,399,220**	**-124,385,951**	**-4,082,458**	**–**	**1,276,202,800**	**1,143,862,061**	**-199,481,544**	**944,380,517**
(1) Total comprehensive income	**–**	**–**	**–**	**-124,385,951**	**–**	**–**	**1,712,791,886**	**1,588,405,935**	**531,564,920**	**2,119,970,855**
(2) Owners' contributions and reduction in capital	**–**	**18,526,890**	**22,399,220**	**–**	**–**	**–**	**–**	**-3,872,330**	**-58,800,000**	**-62,672,330**
1. Capital contributions by owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-58,800,000**	**-58,800,000**
2. Amount of share-based payments recognized inequity	**–**	**17,889,440**	**22,399,220**	**–**	**–**	**–**	**–**	**-4,509,780**	**–**	**-4,509,780**
3. Others	**–**	**637,450**	**–**	**–**	**–**	**–**	**–**	**637,450**	**–**	**637,450**
(3) Profit distribution	**–**	**–**	**–**	**–**	**–**	**–**	**-436,589,086**	**-436,589,086**	**-672,451,365**	**-1,109,040,451**
Dividend to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**-436,589,086**	**-436,589,086**	**-672,451,365**	**-1,109,040,451**
(4) Specialized reserves	**–**	**–**	**–**	**–**	**-4,082,458**	**–**	**–**	**-4,082,458**	**204,901**	**-3,877,557**
1. Appropriated for the year	**–**	**–**	**–**	**–**	**264,218,346**	**–**	**–**	**264,218,346**	**12,143,359**	**276,361,705**
2. utilization for the year	**–**	**–**	**–**	**–**	**-268,300,804**	**–**	**–**	**-268,300,804**	**-11,938,458**	**-280,239,262**
Ⅳ. Balance at the end of the year	**2,078,995,649**	**1,602,572,114**	**120,482,422**	**-9,076,256**	**56,478,749**	**1,111,880,257**	**28,484,920,254**	**33,205,288,345**	**5,138,334,058**	**38,343,622,403**

	First half of 2025									
	Attributable to owners of the parent									
Items	Share capital	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Specialized reserves	Surplus reserves	Unappropriated profit	Subtotal	Non-controlling interests	Total equity
Ⅰ. Balance at end of prior 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. Balance at end of prior 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
Ⅲ. Changes for the year	–	33,207,569	14,700,163	14,006,261	16,944,873	–	147,146,807	196,605,347	-84,770,766	111,834,581
(1) Total comprehensive income	–	–	–	14,006,261	–	–	1,103,484,806	1,117,491,067	340,747,814	1,458,238,881
(2) Owners' contributions and reduction in capital	–	33,207,569	14,700,163	–	–	–	–	18,507,406	14,533,438	33,040,844
1. Capital contributions by owners	–	–	–	–	–	–	–	–	–	–
2. Amount of share-based payments recognized inequity	–	13,604,324	14,700,163	–	–	–	–	-1,095,839	–	-1,095,839
3. Others	–	19,603,245	–	–	–	–	–	19,603,245	14,533,438	34,136,683
(3) Profit distribution	–	–	–	–	–	–	-956,337,999	-956,337,999	-439,968,925	-1,396,306,924
Dividend to shareholders	–	–	–	–	–	–	-956,337,999	-956,337,999	-439,968,925	-1,396,306,924
(4) Specialized reserves	–	–	–	–	16,944,873	–	–	16,944,873	-83,093	16,861,780
1. Appropriated for the year	–	–	–	–	227,127,202	–	–	227,127,202	10,491,032	237,618,234
2. utilization for the year	–	–	–	–	-210,182,329	–	–	-210,182,329	-10,574,125	-220,756,454
Ⅳ. Balance at the end of the year	2,078,995,649	1,613,689,816	79,338,174	-470,885,148	68,837,903	1,111,880,257	26,164,852,220	30,488,032,523	4,521,606,505	35,009,639,028

COMPANY STATEMENT OF CHANGES IN EQUITY

First half of 2026

Expressed in Renminbi Yuan

	First half of 2026						
Items	Share capital	Capital reserves	Less: Treasury shares	Accumulated other comprehensive income	Surplus reserves	Unappropriated profit	Total equity
Ⅰ. Balance at end of prior 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
Ⅱ. Balance at end of prior 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
Ⅲ. Changes for the year	–	18,526,890	22,399,220	−1,523,323	–	442,533,462	437,137,809
(1) Total comprehensive income	–	–	–	−1,523,323	–	879,122,548	877,599,225
(2) Owners' contributions and reduction in capital	–	18,526,890	22,399,220	–	–	–	−3,872,330
1. Amount of share-based payments recognized in equity	–	17,889,440	22,399,220	–	–	–	−4,509,780
2. Others	–	637,450	–	–	–	–	637,450
(3) Profit distribution	–	–	–	–	–	−436,589,086	−436,589,086
Distribution to owners	–	–	–	–	–	−436,589,086	−436,589,086
(4) Specialized reserves	–	–	–	–	–	–	–
1. Appropriated for the year	–	–	–	–	–	–	–
2. Utilization for the year	–	–	–	–	–	–	–
Ⅳ. Balance at the end of the year	2,078,995,649	1,895,255,325	120,482,422	113,834,290	1,111,880,257	11,846,380,787	16,925,863,886

FINANCIAL STATEMENTS (UNAUDITED)

COMPANY STATEMENT OF CHANGES IN EQUITY — *continued*

First half of 2026

Expressed in Renminbi Yuan

Items	Share capital	Capital reserves	Less: Treasury shares	First half of 2025 Accumulated other comprehensive income	Surplus reserves	Unappropriated profit	Total equity
Ⅰ. Balance at end of prior 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. Balance at end of prior 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
Ⅲ. Changes for the year	–	14,007,357	14,700,163	−11,634,741	–	363,104,161	350,776,614
(1) Total comprehensive income	–	–	–	−11,634,741	–	1,319,442,160	1,307,807,419
(2) Owners' contributions and reduction in capital	–	14,007,357	14,700,163	–	–	–	−692,806
1. Amount of share-based payments recognized in equity	–	13,604,324	14,700,163	–	–	–	−1,095,839
2. Others	–	403,033	–	–	–	–	403,033
(3) Profit distribution	–	–	–	–	–	−956,337,999	−956,337,999
Distribution to owners	–	–	–	–	–	−956,337,999	−956,337,999
(4) Specialized reserves	–	–	–	–	–	–	–
1. Appropriated for the year	–	–	–	–	–	–	–
2. utilization for the year	–	–	–	–	–	–	–
Ⅳ. Balance at the end of the year	2,078,995,649	1,905,595,227	79,338,174	−72,310,797	1,111,880,257	11,111,501,763	16,056,323,925

Legal representative: Li Yeqing

Financial controller: Chen Qian

Accounting supervisor: Wu Qiaoli

III. BASIC INFORMATION

1. Summary of the company

Huaxin Building Materials Group Co., Ltd. * (hereinafter referred to as the "Company" or "Huaxin Building") is a joint stock limited liability company incorporated in the People's Republic of China, specifically in Hubei province, 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 principal place of business is at Block B,Huaxin Building, No. 426 Gaoxin Avenue, East Lake High-tech Development Zone, Wuhan City, Hubei Province, the People's Republic of China.

The principle business activities of the Company and its subsidiaries (collectively, the "Group") includes: manufacture and sale of cement, concrete, clinker, aggregate and other building materials.

These financial statements were approved by a resolution of the board of directors of the Company on August 28, 2026.

The consolidation scope of consolidated financial statements was determined on the basis of control. Please refer to Note IX for changes of the Reporting Period.

IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basic of the financial statement

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, the implementation guidance, interpretations and other relevant provisions issued and revised subsequently (collectively referred to as "Accounting Standards for Business Enterprises"). In addition, these financial statements disclose relevant financial information in accordance with the Rules for the Compilation of Information Disclosure for Companies Offering Public Securities No. 15 — General Requirements for Financial Reporting, as well as relevant disclosures required by the Companies Ordinance of Hong Kong and the Listing Rules of the Stock Exchange of Hong Kong.

2. Going concern

These financial statements have been prepared on a going concern basis.

When evaluating whether the Group has sufficient financial resources to continue its operations, the management of the Group has taken its liquid working capital position in the future and financial resources into consideration, mainly including the net cash flows generated by operating activities and the availability of sufficient bank line of credit.

Therefore, 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.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and present fairly and fully the financial position of the Company and the Group as at 30 June 2025 and their financial performance and cash flows for the half year.

2. Accounting period

The accounting year for the Group is from 1 January to 31 December of each calendar year.

3. Business cycle

4. Accounting standard currency

The Group's subsidiaries, joint ventures and associates determine their accounting standard currency according to the main economic environment in which they operate, and convert it into RMB when preparing the financial statements.

5. Determination method and selection criteria for importance standards

Items	Importance criteria
Accounts receivable with significant single provision for bad debt reserves	The amount of bad debt provision for a single customer is greater than RMB10 million yuan
Significant accounts receivable with reversed bad debt provisions this year	The reversal amount of bad debt provision for a single customer is greater than RMB10 million yuan
Significant accounts receivable written off	The amount of bad debt provision written off by a single customer is greater than RMB10 million yuan
Prepaid accounts with an aging of over 1 year and significant amounts	Prepaid account amount for a single supplier with an aging of over 1 year is greater than RMB10 million yuan
Important ongoing construction projects	The company will exceed the budget of RMB for a single ongoing construction project 500 million recognized as important
Overdue and significant accounts payable/ contractual liabilities/other payables	Single supplier/customer balance exceeding RMB10 million yuan
Important cash flows from investment activities	Cash flow amount exceeding RMB100 million yuan is considered significant
Important non wholly owned subsidiaries	Non-wholly owned subsidiaries' revenue exceeds 3% of the group's total revenue, and the amount of minority shareholders' equity exceeds RMB300 million.
Important joint ventures or associates	Book value of long-term equity investment in joint ventures or associated enterprises exceeds 5% of the group's net assets

6. Business combinations

The Group only has business combinations not under common control.

A business combination not under common control is a business combination in which the combining. The acquiree's identifiable assets, liabilities and contingent liabilities acquired in a business combination not under common control are measured at their fair values on the acquisition date. If the aggregate of the fair value of the consideration paid and any fair value of the acquirer's previously held equity interest exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference shall be recognized as goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses. Where the aggregate of the fair value of the consideration paid and any fair value of the acquirer's previously held equity interest is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, reassessment of the measurement of these items is conducted, if the sum of the fair value of this consideration and other items mentioned above is still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired, the difference is recognized in profit or loss for the current period.

7. Consolidated financial statement

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an enterprise, a separable part of an investee, a structural entity controlled by the Company, etc.) that is controlled by the Company.

When preparing consolidated financial statements, subsidiaries adopt the same accounting period and accounting policies as those of the Company. All assets, liabilities, equity, income, expense and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses for the current period attributed to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is allocated against non-controlling interests.

For subsidiaries acquired through a business combination not under common control, the operating results and cash flows of the acquiree's are included in the consolidated financial statements from the date on which the Group obtains control and will continue to be consolidated until the date that such control ceases. In preparing consolidated financial statements, adjustments shall be made to the subsidiaries' financial statements based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

The Group reassesses its control over an investee when changes occur in key control elements.

Without loss of control, changes in minority shareholders' equity are treated as equity transactions.

8. Joint venture arrangements and joint operations

9. Cash and cash equivalents

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

10. Foreign currency business and foreign currency statement translation

The Group translates the amounts of foreign currency transactions that have occurred into its functional currency.

Foreign currency transactions are initially recognized by translating the foreign currency amount into the functional currency at the spot exchange rate prevailing on the transaction date. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates. All the resulting exchange differences are taken to profit or loss, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalization, which are capitalized in accordance with the principle of capitalization of borrowing costs. Non-monetary foreign currency items measured at historical cost shall be translated at the transaction-date spot exchange rates, while functional currency denominated amounts remain unchanged. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing on the date their fair value is determined. Resulting exchange differences are recognized either in profit or loss or in other comprehensive income for the period, depending on the nature of the item.

For foreign operations, the Group translates its functional currency amounts into Renminbi in preparing the financial statements as follows: asset and liability items in the balance sheet are translated using the spot exchange rates at the balance sheet date, and equity items other than "retained earnings" are translated using the spot exchange rates on the transaction dates; revenue and expense items in the income statement are translated using the weighted average exchange rate for the period during which the transactions occur (unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated using the spot exchange rate at the transaction date). The resulting exchange differences are recognized in other comprehensive income.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the average exchange rate for the period during which the cash flows occur (Unless it is not appropriate to use such exchange rate to translate as a result of the exchange rate changes, such items will be translated at the spot exchange rate prevailing on the date when the cash flows incurred). The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

11. 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 of financial instruments

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

The Group derecognizes and writes off a financial asset (or part of a financial asset, or part of a group of similar financial assets) from its account and balance sheet when the following conditions are met:

(1) the rights to receive cash flows from the asset have expired;

(2) the Group has transferred its rights to receive cash flows from the 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) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognized in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognized and derecognized on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period established by regulations or conventions in the marketplace. Trade date is the date that the Group commits to purchase or sell the asset.

(2) Classification and measurement of financial assets

The financial assets of the Group are classified in the initial recognition based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition. However, if the accounts receivable or notes receivable arising from sales of goods or provision of services do not include significant financing components or does not consider financing components not exceeding one year, they shall be initially recognized at the transaction price.

In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to profit and loss for the current period; transaction costs relating to financial assets of other categories are included in the amounts initially recognized.

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

Debt instrument investment measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if the financial assets meet the following conditions: the objective of the Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Debt instruments investment at fair value through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income if the financial assets meet the following conditions: the financial assets are held within a business model whose the objective is achieved by collect contractual cash flows and selling; the contractual terms of the financial assets requires that the cash flows giving rise on specified dates represent payments of principal and interest on the principal amount outstanding. For such financial assets, the effective interest method is used for recognizing interest income. Changes in fair value are included in other comprehensive income except for interest income, impairment loss, and exchange differences which are be recognized as profit or loss for the current period. On derecognition of financial assets, gains and losses accumulated in other comprehensive income are reclassified to profit or loss for the current period.

Equity instruments investment at fair value through other comprehensive income

The Group irrevocably elects to designate its certain equity instrument investments not held for trading as financial assets at fair value through other comprehensive income, and only recognize dividends (except for dividend income clearly recovered as part of the investment cost) in profit or loss for the current period. Subsequent changes in fair values are included in other comprehensive income, and no provision for impairment is required. On derecognition of financial assets, gains and losses previously accumulated in other comprehensive income are reclassified to retained earnings.

Financial assets measured at fair value through profit or loss

Except for the above-mentioned financial assets at amortized cost and financial assets at fair value through other comprehensive income, the Group has classified the remaining financial assets as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value, where all changes in fair value are recognized in profit or loss for the current period.

11. Financial instruments — *continued*

(3) Classification and measurement of financial liabilities

The Group's financial liabilities were classified at initial recognition as financial liabilities measured at fair value through profit or loss for the period and financial liabilities measured at amortized cost. For financial liabilities measured at fair value and their changes are included in profit or loss for the current period, the relevant transaction costs are directly included in the current profit or loss, and the related transaction costs of financial liabilities measured at amortized cost are included in the initial recognition amount.

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

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss for the current period, including transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value at the time of initial recognition and whose changes are included in profit or loss for the current period. Transactional financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and all changes in fair value are included in profit or loss for the current period. For financial liabilities designated as measured at fair value and their changes are included in profit or loss for the period, they are subsequently measured at fair value, and other changes in fair value are included in profit or loss for the period except for changes in fair value caused by changes in the Group's own credit risk in other comprehensive income. If the fair value change caused by changes in the Group's own credit risk is included in other comprehensive income that causes or increases the accounting mismatch in profit or loss, the Group will include all fair value changes (including the amount affected by changes in its own credit risk) in profit or loss.

Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest rate method is used and subsequently measured according to the amortized cost.

(4) Impairment of financial instruments

The method of determining and accounting for expected credit loss

The Group recognizes impairment losses for: (i) financial assets measured at amortized cost, and (ii) debt instrument investments measured at fair value through other comprehensive income (FVOCI), based on expected credit losses (ECL). The related allowance is recognized in profit or loss for amortized cost assets, while for FVOCI debt instruments, it is recognized in other comprehensive income without reducing the carrying amount in the balance sheet.

For receivables and contract assets without significant financing components, the Group applies the simplified approach, recognizing a loss allowance for expected credit losses over their entire expected life.

The method of determining and accounting for expected credit loss — continued

For financial assets other than those described above using the simplified measurement methodology, the Group assesses whether its credit risk has increased significantly since the initial recognition at each balance sheet date, and if the credit risk does not increase significantly after the initial recognition and is in the first stage, the Group shall measure the loss provision according to the amount equivalent to the expected credit loss in the next 12 months, and calculate the interest income according to the book balance and the actual interest rate. If credit risk has increased significantly since the initial recognition but no credit impairment has occurred, in the second stage, the Group measures the loss provision at an amount equivalent to the expected credit loss over the entire duration and calculates interest income based on the book balance and effective interest rate; If credit impairment occurs after initial recognition, in the third stage, the Group measures the loss provision at an amount equivalent to the expected credit loss for the entire duration and calculates interest income at amortized cost and effective interest rate. For financial instruments with only lower credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition.

For the Group's disclosure of the criteria for judging a significant increase in credit risk and the definition of assets that have incurred credit impairment, please refer to Note 11 and 1.

The Group's methodology for measuring expected credit losses on financial instruments reflects factors such as unbiased weighted average amounts, time values in money, and reasonable and well-founded information on past events, current conditions and projections of future economic conditions that can be obtained at balance sheet date without unnecessary additional cost or effort.

Calculating impairment provisions according to the credit risk characteristics portfolio

The Group considers the credit risk characteristics of different customers and evaluates the expected credit losses on financial instruments measured at amortized cost based on the common risk characteristics and the aging portfolio.

Age calculation method based on the credit risk characteristic combination

The Group calculates the overdue account age according to contractual receipt dates.

11. Financial instruments — *continued*

(4) Impairment of financial instruments — continued

According to the single provision criteria for the provision for impairment of bad debts

If the credit risk characteristics of a counterparty are significantly different from those of other counterparties in the portfolio, the corresponding amount received from the counterparty shall be provided for losses according to a single item. The Group divides accounts receivable into cement portfolios, concrete portfolios and other portfolios based on credit risk characteristics, and calculates expected credit losses on the basis of the portfolio. If there is objective evidence that a credit impairment has occurred in an account receivable, the Group will recognize an impairment provision and the expected credit loss. For accounts receivable divided into portfolios, the Group calculates ECL based on default risk exposure and expected credit loss ratio for the entire duration with reference to historical credit loss experience, current conditions and forecasts of future economic conditions.

Write-off of impairment provisions

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

(5) Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swap, to hedge interest rate risk. Derivative financial instruments are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognized as an asset, and that with a negative fair value is recognized as a liability.

Other than hedge accounting, gains or losses arising from changes in the fair value of derivatives are directly recognized in profit or loss for the current period.

(6) Transfers of financial assets

If the Group transfers substantially all associated risks and rewards, the financial asset is derecognized; if these are retained, the asset remains recognized.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it accounts for the transaction as follows: 1.If the Group has not retained control, it derecognizes the financial asset and recognizes any resulting assets or liabilities.2.If the Group has retained control, it continues to recognize the financial asset only to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

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

12. Inventories

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

Inventories are initially carried at cost. Cost of inventories comprises costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is determined by using the weighted average method. Spare parts and auxiliary materials include low value consumables and packing materials. Low value consumables and packing materials are amortized by using the immediate write-off method.

The Group adopts a perpetual inventory system.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. If factors that previously resulted in the provision for decline in value of inventories no longer exist and result in the net realizable value being higher than their 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 recognized in profit or loss for the current period.

Net realizable 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.

13. Contract assets

The Group presents contract assets or contract liabilities in its balance sheet based on the relationship between the performance of its performance obligations and customer payments.

14. 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 carrying amount of the absorbing party's share of the owner's equity of the party being absorbed on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against capital reserve (where the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). Other comprehensive income prior to the date of the merger is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into financial instruments upon the disposal is transferred in full. The initial investment cost of the long-term equity investment is the cost of acquisition for a business combination not under common control (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). The cost of combination includes the assets transferred and the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued. Other comprehensive income held prior to the date of the acquisition and recognized using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss for the current period upon such disposal, of which the investment which remains long-term equity investment upon the disposal is transferred in proportion, and the investment which is converted into other equity instruments investments upon the disposal is transferred in full. 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 Group can exercise control over the investee, the long-term equity investment is accounted for using the cost method in the Group's separate financial statements. Control refers to having the power over the investee, the entitlement to variable returns through the participation in the relevant activities of the investee, and the ability to affect the amount of returns by using its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. If investment is increased or withdrawn, the cost of long-term equity investment shall be adjusted. Cash dividends or profit distributions declared by the investee are recognized as investment income for the current period.

The equity method is adopted when the Group holds joint control or exercises significant influence on the investee. Joint control is the relevant agreed sharing of control over an arrangement, and relevant activities of such arrangement shall be decided upon the unanimous consent of the parties sharing control. Significant influence is the power to participate in decision making of the financial and operating policies of the investee, but without the power to control or jointly control with other parties the formulation of 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 values of the investee's identifiable net assets at the acquisition date, 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 values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes, 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 investment accordingly. The Group recognizes 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 recognized 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 recognized to the extent 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 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.

On disposal of a long-term investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognized in profit or loss for the current period. For long-term equity investments accounted for using the equity method, where the equity method is no longer adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee, and shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in full for the current period; where the equity method is still adopted, the relevant other comprehensive income previously accounted for using the equity method is accounted for on the same basis as that used to account for direct disposal of such assets or liabilities by the investee and transferred to profit or loss in proportion for the current period, and shareholders' equity recognized as a result of changes in other shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to profit or loss in corresponding proportion for the current period.

15. Fixed assets

(1). Confirmation conditions

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditures shall be recognized in profit or loss for the period during which they are incurred.

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

In addition to the use of the extracted safety production expenses, the depreciation of fixed assets is calculated using the life average method, and the service life, estimated net residual value rate and annual depreciation rate of various fixed assets are as follows:

(2). Depreciation method

Depreciation of fixed assets is calculated using the straight-line method. The useful lives, estimated net residual values and annual depreciation rates of fixed assets are as follows:

	Depreciation method	**Useful life**	**Estimated net residual value**	**Annual depreciation rate**
Buildings	straight-line method	25–40 years	4%	2.4%–3.8%
Machinery and equipment	straight-line method	5–18 years	4%	5.3%–19.2%
Office and other equipment	straight-line method	5–10 years	4%	9.6%–19.2%
Transportation equipment	straight-line method	4–12 years	4%	8.0%–24.0%

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

16. 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, 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 set as below：

	Standards for transferring to fixed assets
Buildings	Start to use
Machinery and equipment	Achieve the design requirement and complete the trail production

17. Borrowing costs

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

The capitalization 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.

Capitalization 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 recognized in profit or loss.

During the capitalization period, the amount of interest eligible for capitalization 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 capitalization 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 capitalization 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.

Capitalization 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 recognized as an expense in profit or loss until the acquisition, construction or production is resumed.

18. Intangible assets

(1). Measurement, useful life, impairment

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

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

(2). The Accounting Management of Research and Developing 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 recognized in profit or loss for the period in which it is incurred. Expenditure in the development phase is capitalized when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) 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; (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the expenditure attributable to the intangible asset during its development can be measured reliably. Expenditure in the development phase that does not meet the above criteria is recognized in profit or loss for the period in which it is incurred.

19. Long-term asset impairment

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 to sell 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.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

19. Long-term asset impairment — *continued*

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 recognized in profit or loss. A provision for impairment loss of the asset is recognized 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.

The carrying amount of the related asset group to which goodwill has been allocated for impairment is compared to its recoverable amount. If the carrying amount of the asset group is higher than its recoverable amount, the amount of the impairment loss is firstly used to reduce the carrying amount of the goodwill allocated to the asset group, and then used to reduce the carrying amount of other assets within the asset group, on a pro-rata basis of the carrying amount of each asset.

Once the above-mentioned asset impairment losses are recognized, they will not be reversed in future accounting periods.

20. Long-term deferred expenses

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

21. Contractual liabilities

Before transferring goods or services to customers, the obligation to transfer goods or services to customers due to receiving consideration from customers or obtaining the right to receive consideration unconditionally is recognized as contractual liabilities.

22. Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group 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

In the accounting period in which services are rendered by employees, the actual amount of short-term benefits incurred is recognized as liabilities and charged to profit or loss for the current period or cost of underlying assets.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

22. Employee benefits — *continued*

(2). Post-employment benefits

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

The Group's defined benefit plans are various supplementary benefit plans targeting those employees retiring before the designated dates and retired employees. These plans are impacted by interest rate risk and changes in the life expectancy of pension beneficiaries.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized as current expenses on the earlier of the following dates: The Group recognizes the relevant restructuring expenses or termination benefits when the defined benefit plan is modified.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under cost of sales, administrative expenses, research and development expenses, selling expenses, and finance expenses in the income statement: service costs comprising current service costs, past service costs, gains and losses on settlements; net interest comprising interest income on plan assets, interest costs on the defined benefit obligation and interest on the effect of the asset ceiling.

23. Projected liabilities

Except for contingent consideration and contingent liabilities assumed in business combinations that are not under the same control, obligations related to contingencies are current obligations assumed by the Group and the performance of such obligations is likely to result in the outflow of economic benefits to the Group, and the relevant amounts can be reliably measured, the Group recognizes them as projected liabilities.

Projected liabilities are initially measured in accordance with the best estimate of expenditure required to meet the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money related to contingencies. Review the carrying value of projected liabilities at balance sheet date and make appropriate adjustments to reflect the current best estimates.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

24. Share-based payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments as consideration for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in capital reserves; if such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group at each balance sheet date during the vesting period recognizes the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest. The fair value is determined using the market closing price at the granted date as described in Note 15.

25. 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.

Other 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 recognized in profit or loss for the period.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

26. Revenue

(1). Accounting policies used for revenue recognition and measurement

When the Group has fulfilled its performance obligations of the contract, the revenue is recognized when the customers take control of the relevant goods or services. Taking control of the relevant goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits from them.

Sale of cement and other construction materials

The Group recognizes 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.

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 provide for certain discounts when customers purchase merchandise over a certain quantity, which is 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 recognized 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 contracts containing significant financing components, the Group determines transaction prices by applying the discounted cash value method, where the nominal consideration is discounted to its present value at the customer's acquisition of control over goods or services. The difference between the determined transaction price and the contractually agreed consideration is amortized using the effective interest method over the contract period. When the interval between the customer's acquisition of control and payment fulfillment is expected to be less than one year, the Group excludes significant financing components from the contract.

Contracts for the provision of services

The Group fulfills 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 recognizes 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 output method. When the progress of performance is not reasonably determinable, the Group recognizes 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.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

27. Contract cost assets

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

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

Other than the costs which are capitalized as inventories, fixed assets and intangible assets, etc., costs incurred to fulfil a contract with a customer are capitalized 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;

(3) The costs are expected to be recovered.

The contract cost asset is amortized 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 recognized.

The Group accrues provisions for impairment and recognizes 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;

(2) The costs that are expected to be incurred to transfer those related goods or services.

28. Government grants

Government grants are recognized 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.

Government grants shall be recognized 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 recognized 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 recognized as government grants related to income.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

28. Government grants — *continued*

A government grant related to income is accounted for as follows: if the grant is a compensation for related cost expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs expenses for losses are recognized; and if the grant is a compensation for related cost expenses or losses already incurred, it is immediately recognized in profit or loss for the current period.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognized as deferred income and amortized 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 recognized 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.

29. Deferred tax assets/deferred tax liabilities

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 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 recognized as assets and liabilities.

Deferred tax liabilities are recognized 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 accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(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.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognized 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 utilized, 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;

(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 utilized in the future.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

29. Deferred tax assets/deferred tax liabilities — *continued*

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 realized 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 utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized 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 realize 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.

30. 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.

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

Right-of-use assets

At the commencement date of the lease, the Group recognizes a right-of-use asset. Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate 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 asset to the condition required by the terms and conditions of the lease. If the Group remeasures lease liabilities due to changes in lease payments, the book value of right-of-use assets shall be adjusted 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 asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

30. Leases — *continued*

Right-of-use assets — continued

Lease liabilities

At the commencement date of the lease, the Group measures the lease liability 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.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability at the present value of 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.

Short-term leases and low value asset leases

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 recognize the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes 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.

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.

V. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES — *continued*

30. Leases — *continued*

As a lessor — continued

As a lessor of an operating lease

Rental income under an operating lease is recognized through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred Initial direct costs are capitalized and recognized over the lease term on the same basis as rental income, through profit or loss.

31. Hedge accounting

In respect of the methods of hedge accounting, the Group's hedging is classified as follows:

(1) Fair value hedges, which are hedges of the risk of changes in the fair value of a recognised asset or liability for which a firm commitment (other than exchange rate risk) has not yet been recognised;

(2) Cash flow hedges, which are hedges of the exposure to variability in cash flows that arise from a particular type of risk associated with a recognised asset or liability, a forecast transaction that is probable, or the exchange rate risk embedded in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group officially designates the hedge relationship and prepares formal written documents of the hedge relationship, risk management objectives and hedge strategies. The documents include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in fair value or cash flows of the hedging instruments offset changes in the fair value or cash flow of hedged items caused by the hedged risk. Such hedges are assessed on an ongoing basis to ensure that such hedges are effective during the accounting period with designated hedging relationships.

If the hedging instrument expires or is sold, terminated or exercised (but the rollover or replacement of part of a hedging instrument under the hedging strategy is not treated as an expiration or a contract termination), or due to a change in the risk management objective, the hedging relationship no longer meets the risk management objective, or when the hedging no longer meets other conditions of the hedge accounting method, the Group terminates the use of hedge accounting.

Where the hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but the risk management objectives for the designated hedging relationship have not changed, the Group rebalances the hedging relationship.

Hedges which meet the criteria for hedge accounting are accounted for as follows:

31. Hedge accounting — *continued*

(1) Fair value hedges

The gains or losses arising from the hedging instrument are recognised in profit or loss for the current period. The gain or loss of the hedged item arising from risk exposure is recognised in profit or loss for the current period. The book value of the hedged item that is not measured at fair value is adjusted accordingly.

For fair value hedge relating to debt instruments carried at amortised cost, the adjustments on the carrying amount of the hedged items are amortised to profit or loss over the remaining term of the hedge using the effective interest method. Amortisation using the effective interest rate may begin upon the adjustment of the carrying amount but no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is a debt instrument measured at fair value through other comprehensive income, the accumulation of recognized hedged gains or losses shall be amortised in the same manner and recognised in profit or loss for the current period, while the book value of financial assets is not adjusted. If the hedged item is terminated, the unamortised fair value is recognised in profit or loss for the current period.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with the corresponding gain or loss recognised in profit or loss for the current period. The fair value changes of hedging instruments are also recognised in profit or loss for the current period.

(2) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised directly in profit or loss.

If the forecast transaction being hedged is subsequently recognised as a non-financial asset or nonfinancial liability, or if the forecast transaction for the non-financial asset or non-financial liability results in a firm commitment to apply a fair value hedge, the amount of the cash flow hedging reserve that would otherwise have been recognised in other comprehensive income is reversed out to the amount initially recognised for that asset or liability. The remaining cash flow hedges are reversed out of the cash flow hedge reserve recognised in other comprehensive income to profit or loss in the same period in which the expected cash flows to be hedged affect profit or loss, if a sale is expected to occur.

(3) Hedging costs

The Group separates the forward element and the spot element of a forward contract and only designates the change in the value of the spot element of the forward contract as the hedging instrument; the Group recognises the change in fair value of the forward element of the forward contract and the foreign currency basis spread of a financial instrument in other comprehensive income to the extent that they relate to the hedged items. For a transaction related hedged item, it is accounted for in the same way as the amount of the cash flow hedge reserve. For a time-period related hedged item, the changes in fair values are amortised on a systematic and rational basis over the period during which the hedged items could affect profit or loss or other comprehensive income and reclassified from other comprehensive income to profit or loss for the current period.

VI. 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 taxpayers according to the sales revenue are subject to levy at a rate of3%. The VAT rate for transportation services and professional and technical services is 6%.	General taxation: 13%, 6% Simplified taxation: 3% Overseas companies: 18%, 17%, 16%, 15%, 12% and, 5%
Excise duty	The Group pays excise duty on cement sold in Maweni, Tanzania — at the rate of TZS 2000/T as prescribed by the Tanzanian tax law.	—
Urban maintenance and construction tax	It is levied at 7%, 5% and 1% of actual VAT paid.	7%.5%.1%
Education surcharge	It is levied at 3% of actual VAT paid.	3%
Property tax	It is levied based on the values of properties owned or used by the Group at the percentages prescribed by the tax laws. The tax of self-occupied properties is levied according to the values of the properties at an annual tax rate of 1.2%, which is calculated and paid based on the original value of the property less 10%–30% of that value; the tax for leased out properties is levied according to the rent at an annual tax rate of 12%, which is calculated and paid based on the rental income.	Self-use property：1.2% Rental properties：12%

VI. TAXATION — *continued*

1. Major categories of taxes and respective tax rates — *continued*

	Tax basis	Tax rate
Land use tax:	It is levied based on the land areas occupied by the Group for production and operations, at the annual tax amount per sq.m. for the respective land use tax levels prescribed by local government.	—
Individual income tax	Individual income tax is withheld and paid under the tax laws based on salaries and other personal incomes paid to employees of the Group.	—
Land appreciation tax	It is levied at four-level excess progressive tax rates ranging from –30% to 60% on the appreciation of land value for any land use right and buildings on the ground or other structures annexed thereto from which VAT arises as a result of the transfer of ownership by the Group at a consideration.	—
Resource tax	The Group's mining products are subject to resource tax on an ad valorem or ad valorem basis in accordance with the relevant provisions of national tax laws.	
Corporate income tax	Except for the overseas subsidiaries adopting the local corporate income tax and the income tax concessions entitled by some of the enterprises comprising the Group as below, the Group's corporate income tax is levied at the tax rate of 25% based on the taxable profit.	Overseas companies: 30%. 28%. 20%. 18%. 15%. 13%. 12.5%. 10% Other companies: 25%. 16.5%. 15%. 12.5%. 9%. 0%

VI. 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 above company is entitled to a reduced tax rate of 15% for the year (2025: 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 above company is entitled to a reduced tax rate of 15% for the year (2025: 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 New Material 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 of these subsidiaries for the years from 2021 to 2030 is reduced to 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 above company is entitled to a reduced tax rate of 15% for the year (2025: 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 in Hainan Province. Pursuant to Cai Shui [2020] No.31 Announcement of Corporate Income Tax Relief Policy in the Hainan Free Trade Port and Cai Shui [2025] No.3 Announcement on the Continuation of the Corporate Income Tax Relief Policy in the Hainan Free Trade Port, the applicable enterprise income tax rate of the above subsidiaries for the years from 2020 to 2027 is reduced to 15%.

The Group's subsidiaries, Huaxin Environmental Engineering (Wuxue) Co., LTD., is qualified third-party enterprises engaged in pollution prevention and control.

VI. TAXATION — *continued*

2. Tax concessions — *continued*

2.1 Corporate income tax — continued

According to the Ministry of Finance Announcement No. 38 of 2023, "Announcement of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission, and the Ministry of Ecology and Environment on Issues Concerning the Policies of Third-Party Enterprises Engaged in Pollution Prevention and Control", the applicable enterprise income tax rate of these subsidiaries for the years from 2024 to 2027 is reduced to 15%.

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 generating revenue and followed by a 50% reduction from the fourth year to the sixth year.

Huaxin Cement (Tibet) Co., Ltd. and Tibet Huaxin Building Materials Co., Ltd., subsidiaries of the Group are among the key enterprises supporting and encouraging 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)" and the Notice on Amending the "Measures for the Implementation of Enterprise Income Tax Policies in the Tibet Autonomous Region (Provisional)", from 1 January 2022 to 31 December 2027, they will be exempted from the local portion of the enterprise income tax.

2.2 VAT

Based on the regulation in VAT Preference Items for Resource Comprehensively Utilized Products and Labor Services Involving the Comprehensive Utilization of Resources (2022 Edition) (Ministry of Finance and State Administration of Taxation Announcement No. 40 of 2021), certain subsidiaries of the Group are entitled to the preferential policy of VAT refund upon paying at a refund ratio of 70%.

3. Other

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	**2,421,475**	1,171,962
Bank deposits	**6,478,590,618**	6,825,555,172
Other cash and bank balances	**2,360,422,573**	1,707,956,330
Total	**8,841,434,666**	8,534,683,464
among others: total deposits outside the country	**3,574,837,473**	3,425,811,557

2. Financial assets held for trading

Unit: RMB

Items	Closing balance	Opening balance
Equity investments	**2,511,714**	1,660,727
Money Market Fund	**200,000,000**	—
Total	**202,511,714**	1,660,727

3. Notes receivable

Unit: RMB

Items	Closing balance	Opening balance
Bank Acceptance Bill	**157,296,841**	618,259,255
Total	**157,296,841**	618,259,255

3. Notes receivable — *continued*

Notes receivable that have been endorsed or discounted but are not yet due at the balance sheet date are as follows:

Unit: RMB

Items	**Derecognised**	**Not Derecognised**
Bank Acceptance Bill	**—**	**96,914,394**
Total	**—**	**96,914,394**

4. Accounts receivable

The ageing analysis of accounts receivable is as follows:

Unit: RMB

	Closing balance	Opening balance
Subtotal within 1 year	**3,018,651,491**	2,714,107,739
Within 6 months	**2,238,518,509**	2,064,034,005
6 to 12 months	**780,132,982**	650,073,734
1 to 2 years	**712,216,204**	622,356,392
2 to 3 years	**161,093,526**	118,733,730
Over 3 years	**151,740,072**	134,780,195
Less: Impairment allowance	**430,124,192**	386,196,455
Total	**3,613,577,101**	3,203,781,601

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

4. Accounts receivable — *continued*

The ageing analysis of accounts receivable is as follows: — continued

The ageing analysis of accounts receivable is based on the date on which the receivables arose.

Unit: RMB

	Closing balance					Opening balance				
	Balance of carrying amount		Provision for bad debts			Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book value	Amount	Proportion (%)	Amount	Proportion (%)	Book value
Receivables for which bad debt provision is assessed on an individual basis	**155,663,784**	**4**	**133,704,950**	**86**	**21,958,834**	162,492,614	5	139,256,658	86	23,235,956
individual basis	**155,663,784**	**4**	**133,704,950**	**86**	**21,958,834**	162,492,614	5	139,256,658	86	23,235,956
Receivables for which bad debt provision is assessed on a portfolio basis	**3,888,037,509**	**96**	**296,419,242**	**8**	**3,591,618,267**	3,427,485,442	95	246,939,797	7	3,180,545,645
Category of cement receivable	**709,511,588**	**18**	**16,122,559**	**2**	**693,389,029**	561,838,107	16	15,122,626	3	546,715,481
Category of concrete receivable	**2,643,591,214**	**65**	**234,656,097**	**9**	**2,408,935,117**	2,441,868,292	68	197,960,844	8	2,243,907,448
Category of other business receivables	**534,934,707**	**13**	**45,640,586**	**9**	**489,294,121**	423,779,043	12	33,856,327	8	389,922,716
Total	**4,043,701,293**	**/**	**430,124,192**	**/**	**3,613,577,101**	3,589,978,056	/	386,196,455	/	3,203,781,601

Receivables for which bad debt provision is assessed on an individual basis are as follows:

Unit: RMB

	Closing balance			
	Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)	Reasons for provision
Client A	**10,887,838**	**10,887,838**	**100**	**All uncollectible**
Client B	**8,974,092**	**8,974,092**	**100**	**All uncollectible**
Other client	**135,801,854**	**113,843,020**	**84**	**Partly uncollectible**
Total	**155,663,784**	**133,704,950**	**86**	**/**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

4. Accounts receivable — *continued*

The ageing analysis of accounts receivable is as follows: — continued

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

Category of cement receivable:

Unit: RMB

	Closing balance Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)
Within 6 months	626,951,200	4,769,631	1
6 to 12 months	62,833,100	2,665,949	4
1 to 2 years	15,751,888	4,711,579	30
2 to 3 years	513,436	513,436	100
Over 3 years	3,461,964	3,461,964	100
Total	709,511,588	16,122,559	/

Category of concrete receivable:

Unit: RMB

	Closing balance Balance of carrying amount	Provision for bad debts	Expected credit loss rate (%)
Within 6 months	1,304,716,997	51,333,197	4
6 to 12 months	599,070,761	18,019,991	3
1 to 2 years	604,858,690	90,769,127	15
2 to 3 years	116,563,671	57,166,199	49
Over 3 years	18,381,095	17,367,583	94
Total	2,643,591,214	234,656,097	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

4. Accounts receivable — *continued*

The ageing analysis of accounts receivable is as follows: — continued

Category of other business receivables:

Unit: RMB

	Closing balance Balance of carrying amount	 Provision for bad debts	 Expected credit loss rate (%)
Within 6 months	**305,460,477**	**9,418,495**	**3**
6 to 12 months	**116,214,861**	**6,460,118**	**6**
1 to 2 years	**76,312,347**	**9,759,805**	**13**
2 to 3 years	**24,048,679**	**9,993,305**	**42**
Over 3 years	**12,898,343**	**10,008,863**	**78**
Total	**534,934,707**	**45,640,586**	**/**

Movements in provision for bad debts of accounts receivable are as follows:

Unit: RMB

	Opening balance	Amount of change for the period Provision for the year	 Recovered or reversal	 Write-offs	 Other movements	Closing balance
Bad debts of accounts receivable	386,196,455	72,489,401	31,422,078	1,483,965	4,344,379	**430,124,192**
Total	386,196,455	72,489,401	31,422,078	1,483,965	4,344,379	**430,124,192**

Accounts receivable written off during the period:

Unit: RMB

Items	**Amount of write-off**
Accounts receivable actually written off	1,483,965

4. Accounts receivable — *continued*

The top 5 of the balance of accounts receivable were as follows:

Unit: RMB

	Closing balance	Proportion in total accounts receivable (%)	Provision for bad debts	Book value
First	**116,439,697**	**3**	**12,891,115**	**103,548,582**
Second	**113,911,265**	**3**	**8,062,090**	**105,849,175**
Third	**89,782,640**	**2**	**689,663**	**89,092,977**
Fourth	**79,044,366**	**2**	**7,475,703**	**71,568,663**
Fifth	**65,536,712**	**2**	**2,672,860**	**62,863,852**
Total	**464,714,680**		**31,791,431**	**432,923,249**

5. Receivables financing

Unit: RMB

	Closing balance	Opening balance
Bank acceptance bills	**584,772,997**	488,921,677
Total	**584,772,997**	488,921,677

Bills endorsed or discounted but not yet due are as follows:

Unit: RMB

	Derecognized	Not Derecognized
Bank acceptance bills	**1,805,282,501**	**—**
Total	**1,805,282,501**	**—**

6. Prepayments

An aging analysis of prepayments is as follows:

Unit: RMB

	Closing balance		Opening balance	
	Balance of carrying amount	**Proportion (%)**	Balance of carrying amount	Proportion (%)
Within 1 year	**430,933,782**	**93**	357,593,786	94
1 to 2 years	**18,727,670**	**4**	5,205,040	1
2 to 3 years	**367,807**	**3**	7,879,069	2
Over 3 years	**14,503,971**	**3**	12,203,923	3
Total	**464,533,230**	**100**	382,881,818	100

The top 5 of the balance of prepayment:

Unit: RMB

	Closing balance	**Percentage of total amount (%)**
First	**23,715,335**	**5**
Second	**19,847,732**	**4**
Third	**16,866,913**	**4**
Fourth	**16,262,798**	**4**
Fifth	**10,000,000**	**2**
Total	**86,692,778**	**19**

7. Other receivables

Unit: RMB

	Closing balance	Opening balance
Interests receivable	**7,785,512**	9,191,760
Dividends receivable	**25,167,688**	25,167,688
Other receivables	**760,622,454**	749,731,025
Total	**793,575,654**	784,090,473

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

7. Other receivables — *continued*

Other receivables

An aging analysis of other receivables is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 1 year	**280,243,427**	266,739,504
1 to 2 years	**201,932,861**	189,733,955
2 to 3 years	**129,276,691**	135,975,346
Over 3 years	**213,527,416**	222,807,879
Less: Provision for bad debts of other receivables	**64,357,941**	65,525,659
Total	**760,622,454**	749,731,025

Other receivables are classified by nature as follows:

Unit: RMB

	Closing balance	Opening balance
Receivables from disposal of assets	**260,739,120**	303,489,120
Loans and out-of-pocket expenses	**128,485,592**	106,374,322
Margin and deposits	**249,371,521**	230,014,691
Other	**177,177,444**	167,025,300
Total	**824,980,395**	815,256,684

Movement in provision for bad debts:

Unit: RMB

		Amount of change during the period				
	Opening balance	Provision for the year	Reversal for the year	Write-off for the year	Other	Closing balance
Bad debt provision for other receivables	65,525,659	1,696,109	1,955,821	908,006	—	**64,357,941**
Total	65,525,659	1,696,109	1,955,821	908,006	—	**64,357,941**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

7. Other receivables — *continued*

Other receivables — continued

The top 5 of the balance of other receivables:

Unit: RMB

	Closing balance	Closing balance (%)	Nature	Aging	Closing balance of provision for bad debts
Changshui Subdistrict Office, Guandu District People's Government, Kunming	170,000,000	21	Receivables from disposal of assets	Within 1 year	–
Office of the Qingshan Wetland Remediation Project Relocation Command	90,739,120	11	Receivables from disposal of assets	1 to 2 years,	–
Hubei Communications Investment Logistics Group Co., Ltd.	78,032,240	9	Margin and deposits	1 to 2 years, 2 to 3 years，Over 3 years	–
Sangzhi County People's Government	38,927,223	5	Loans and out-of-pocket expenses	Within 1 year，1 to 2 years, 2 to 3 years，Over 3 years	38,927,223
Chongqing No. 2 Cement Plant	30,946,022	4	Loans and out-of-pocket expenses	Over 3 years	22,349,477
Total	408,644,605	50	/	/	61,276,700

8. Inventories

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Provision for decline in value/ impairment	Book value	Balance of carrying amount	Provision for decline in value/ impairment	Book value
Raw materials	776,819,093	9,317,399	767,501,694	912,159,394	8,599,517	903,559,877
Work in progress	792,306,128	17,862,234	774,443,894	528,060,517	17,862,234	510,198,283
Finished goods	982,897,422	23,009,811	959,887,611	1,134,111,046	26,314,380	1,107,796,666
Spare parts	1,476,327,779	121,023,932	1,355,303,847	1,119,924,058	111,247,485	1,008,676,573
Total	4,028,350,422	171,213,376	3,857,137,046	3,694,255,015	164,023,616	3,530,231,399

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

8. Inventories — *continued*

The movements in provision for write-down of inventories are as follows:

Unit: RMB

	Opening balance	Increase during the year: Provision	Increase during the year: Others	Decrease during the year: Reversal or write-off	Decrease during the year: Others	**Closing balance**
Raw materials	8,599,517	–	–	–	−717,882	**9,317,399**
Work in progress	17,862,234	–	–	–	–	**17,862,234**
Finished goods	26,314,380	–	–	219,157	3,085,412	**23,009,811**
Spare parts	111,247,485	5,005,565	–	4,005,704	−8,776,586	**121,023,932**
Total	164,023,616	5,005,565	–	4,224,861	−6,409,056	**171,213,376**

9. Other current assets

Unit: RMB

	Closing balance	Opening balance
Retained input VAT and prepaid income tax	**435,062,475**	473,263,609
Advance payment of income tax	**324,541,471**	201,736,291
Fixed deposit	**–**	35,144,000
Others	**176,511,273**	115,256,026
Total	**936,115,219**	825,399,926

10. Long-term receivables

Unit: RMB

	Closing balance: Balance of carrying amount	**Closing balance: Provision for bad debts**	**Closing balance: Book value**	Opening balance: Balance of carrying amount	Opening balance: Provision for bad debts	Opening balance: Book value
Loans	**43,186,673**	**–**	**43,186,673**	27,291,183	–	27,291,183
Total	**43,186,673**	**–**	**43,186,673**	27,291,183	–	27,291,183

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

11. Long-term equity investments

Unit: RMB

	Opening balance	Changes for the period: Increase in investment	Changes for the period: Investment income or loss recognized under the equity method	Changes for the period: Other equity changes	Changes for the period: Others	**Closing balance**
I. Joint venture						
Subtotal	–	–	–	–	–	**–**
II. Associates						
Tibet High-tech Building Materials Group Co., Ltd	407,459,661	–	1,377,877	637,450	–	**409,474,988**
Shanghai Wan'an Huaxin Cement Co., Ltd.	89,540,170	–	−150,368	–	–	**89,389,802**
Zhangjiajie Tianzi Concrete Co., Ltd.	3,566,505	–	−441,766	–	–	**3,124,739**
Xinyang Xinxin Mining Co., Ltd	62,854,742	–	200,702	–	–	**63,055,444**
MondiOmanLLC	24,429,694	–	867,298	–	168,547	**25,465,539**
Hubei Zhongyun Zhiwei Industrial Innovation Development Co., Ltd.	450,000	–	–	–	–	**450,000**
Subtotal	588,300,772	–	1,853,743	637,450	168,547	**590,960,512**
Total	588,300,772	–	1,853,743	637,450	168,547	**590,960,512**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

12. Other equity investments

Unit: RMB

	Initial investment cost	Changes in fair value gains recognized in other comprehensive income for the year	**Closing balance**	Accumulated gains recognized in other comprehensive income	Accumulated Losses recognized in other comprehensive income
Equity investment in unlisted companies 1	51,607,177	−2,031,097	**49,576,080**	38,359,188	–
Equity investment in unlisted companies 2	1,117,628,439	–	**1,117,628,439**	117,628,439	–
Total	1,169,235,616	−2,031,097	**1,167,204,519**	155,987,627	–

The voting rights of the Group in equity investment projects 1 and 2 of unlisted companies are 1.4988% and 5.2173%, respectively, and the Group does not participate in or influence their financial and operational decisions in any way, so the Group does not have a significant influence on the above-mentioned companies, and it is accounted for other equity instruments for strategic investment considerations.

13. Fixed assets

Unit: RMB

	Closing balance	Opening balance
Fixed assets	**30,421,247,111**	31,697,415,326
Disposal of fixed assets	**13,442,475**	13,993,041
Total	**30,434,689,586**	31,711,408,367

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

13. Fixed assets — *continued*

Fixed assets

Unit: RMB

	Buildings	Machinery	Office equipment	Transportation equipment	Total
I. Original price					
1. Opening balance	24,214,062,846	31,206,903,058	472,884,305	712,692,696	56,606,542,905
2. Addition	166,961,230	233,042,790	25,335,786	27,144,106	452,483,912
(1) Purchase	31,574	6,109,300	2,803,671	2,668,838	11,613,383
(2) Transfers from construction in progress	166,929,656	226,933,490	22,532,115	24,475,268	440,870,529
3. Reduction	11,463,633	59,776,556	5,749,386	14,089,007	91,078,582
(1) Disposal or retirement	11,463,633	59,776,556	5,749,386	14,089,007	91,078,582
4. Exchange differences on foreign currency translation	−135,064,535	−261,487,133	1,797,251	−2,400,505	−397,154,922
5. Closing balance	24,234,495,908	31,118,682,160	494,267,956	723,347,290	56,570,793,314
II. Accumulated depreciation					
1. Opening balance	7,475,160,053	16,316,438,780	279,531,379	382,117,628	24,453,247,840
2. Addition	433,647,313	872,278,801	26,886,402	34,998,716	1,367,811,232
(1) Provision	433,647,313	872,278,801	26,886,402	34,998,716	1,367,811,232
3. Reduction	2,717,269	52,437,327	5,135,898	13,346,816	73,637,310
(1) Disposal or retirement	2,717,269	52,437,327	5,135,898	13,346,816	73,637,310
4. Exchange differences on foreign currency translation	−12,601,402	−32,236,560	466,518	960,755	−43,410,689
5. Closing balance	7,893,488,695	17,104,043,694	301,748,401	404,730,283	25,704,011,073
III. Provision for impairment					
1. Opening balance	294,021,589	161,485,151	102,158	270,841	455,879,739
2. Addition	—	—	—	—	—
(1) Provision	—	—	—	—	—
3. Reduction	523,426	901,162	—	—	1,424,588
(1) Disposal or retirement	523,426	901,162	—	—	1,424,588
4. Exchange differences on foreign currency translation	−20	−8,943,402	23,403	—	−8,920,019
5. Closing balance	293,498,143	151,640,587	125,561	270,841	445,535,132
IV. Book value					
1. At the end of the year	16,047,509,070	13,862,997,881	192,393,994	318,346,166	30,421,247,111
2. At the beginning of the year	16,444,881,204	14,728,979,127	193,250,768	330,304,227	31,697,415,326

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

13. Fixed assets — *continued*

Fixed assets that are temporarily idle are as follows:

Unit: RMB

	Original price	Accumulated depreciation	Provision for impairment losses	**Book value**
Buildings	665,682,412	487,273,929	5,676,573	**172,731,910**
Machinery and equipment	1,014,790,558	925,748,824	3,235,675	**85,806,059**
Office equipment	9,342,638	8,613,765	—	**728,873**
Transportation equipment	22,619,286	21,596,918	—	**1,022,368**
Total	1,712,434,894	1,443,233,436	8,912,248	**260,289,210**

Fixed assets leased under operating leases are as follows:

Unit: RMB

	Book value
Buildings	**3,039,673**
Machinery and equipment	**539,435**
Office equipment	**—**
Transportation equipment	**178,657**
Total	**3,757,765**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

14. Construction in progress

Unit: RMB

	Closing balance	Opening balance
Construction in progress	4,475,850,961	3,384,903,451
Materials for construction of fixed assets	155,544,511	72,457,245
Total	4,631,395,472	3,457,360,696

Construction in progress

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	Provision for impairment	Book value	Balance of carrying amount	Provision for impairment	Book value
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	1,197,357,228	–	1,197,357,228	1,060,805,446	–	1,060,805,446
Mozambique Dondo Plant Upgrading and Renovation Project	304,873,160	–	304,873,160	200,446,105	–	200,446,105
Mozambique Nacala Plant Upgrading and Renovation Project	147,728,521	–	147,728,521	139,471,520	–	139,471,520
Huaxin Environmental Engineering Series Project	122,969,870	–	122,969,870	120,361,686	–	120,361,686
Nigeria Shagamu Plant Renovation Project	104,955,171	–	104,955,171	17,392,201	–	17,392,201
Nigeria Ashaka Plant Renovation Project	29,380,637	–	29,380,637	4,152,967	–	4,152,967
Huaxin Integrated Series Project	5,545,843	–	5,545,843	25,994,801	–	25,994,801
Others	2, 590,399,606	27,359,075	2, 563,040,531	1,843,637,800	27,359,075	1,816,278,725
Total	4,503,210,036	27,359,075	4,475,850,961	3,412,262,526	27,359,075	3,384,903,451

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

14. Construction in progress — *continued*

Changes of major construction in progress are as below:

Unit: RMB

	Budget	Opening balance	Increase during the year	Transferred to fixed assets in the year	Other decrease	**closing balance**	Percentage of project investment in budget (%)	Accumulated amount of capitalized interest	Including: capitalized interest for the year	Capitalization rate of interest for the year (%)	Source of funding
Huaxin Huangshi Green Building Materials Billion Tons Machine-made Sand Project	11,650,210,000	1,060,805,446	136,551,782	–	–	**1,197,357,228**	84	73,146,223	–	–	Self-owned funds and bank borrowings
Mozambique Nacala Factory Upgrade and Renovation Project	622,687,779	139,471,520	8,257,000	–	–	**147,728,520**	96	–	–	–	Self-owned funds and bank borrowings
Mozambique Dondo Factory Upgrade and Renovation Project	469,892,259	200,446,105	104,427,055	–	–	**304,873,160**	65	–	–	–	Self-owned funds
Huaxin Environmental Engineering Series Project	826,811,342	120,361,686	18,294,477	−15,686,293	–	**122,969,870**	N/A	11,486,653	–	3.3	Self-owned funds and bank borrowings
Huaxin Integrated Series Project	1,500,341,300	25,994,801	2,465,837	−22,617,406	−297,389	**5,545,843**	N/A	–	–	–	Self-owned fund
Nigeria Shagamu Plant Renovation Project	179,876,478	155,494,440	20,200,000	−175,694,440	–	**–**	86	–	–	–	Self-owned funds
Nigeria Ashaka Plant Renovation Project	1,113,684,000	17,392,201	87,562,970	–	–	**104,955,171**	10	–	–	–	Self-owned funds
Nigeria Shaka Plant Thermal Power Station	526,756,658	4,152,967	25,227,670	–	–	**29,380,637**	6	–	–	–	Self-owned funds
Others	N/A	1,660,784,285	1,216,790,405	−226,872,390	−87,661,768	**2,563,040,532**	N/A	–	–	/	Self-owned funds and bank borrowings
Total		3,384,903,451	1,619,777,196	−440,870,529	−87,959,157	**4,475,850,961**	/	84,632,876	/	/	

Provision for impairment of construction in progress:

Unit: RMB

	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 stopped due to inability to carry out relocation efforts.
Project 2	6,421,942	–	–	**6,421,942**	Performance not meeting expectations
Project 3	1,281,870	–	–	**1,281,870**	The project has been suspended due to invalidation of initial planning
Project 4	899,358	–	–	**899,358**	Performance not meeting expectations
Project 5	–	930,377	930,377	**–**	The project has been suspended due to invalidation of initial planning
Total	27,359,075	930,377	930,377	**27,359,075**	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

14. Construction in progress — *continued*

Materials for construction of fixed assets

Unit: RMB

	Closing balance			Opening balance		
	Account balance	**Impairment provision**	**Book value**	Account balance	Impairment provision	Book value
Special equipment	**155,544,511**	**—**	**155,544,511**	72,457,245	—	72,457,245
Total	**155,544,511**	**—**	**155,544,511**	72,457,245	—	72,457,245

15. Right-of-use assets

Unit: RMB

	Land use right and mine use right	**Buildings and Related facilities**	**Machinery and equipment**	**Automobiles and transportation vehicles**	**Total**
I. Original price					
1. Opening balance	870,208,231	535,747,034	686,542,598	5,420,420	2,097,918,283
2. Addition	20,709,479	16,367,517	1,648,663	968,059	39,693,718
(1) New leased-in	26,593,411	13,820,531	1,113,702	988,728	42,516,372
(2) Exchange differences on foreign currency translation	−5,883,932	2,546,986	534,961	−20,669	−2,822,654
3. Reduction	28,895,099	14,304,177	29,741,721	172,000	73,112,997
(1) Disposal	28,895,099	14,304,177	29,741,721	172,000	73,112,997
4. Closing balance	862,022,611	537,810,374	658,449,540	6,216,479	2,064,499,004
II. Accumulated depreciation					
1. Opening balance	317,677,605	239,802,567	277,340,667	652,017	835,472,856
2. Addition	54,510,597	39,379,687	46,150,608	503,812	140,544,704
(1) Provision	54,801,721	36,829,555	45,525,986	512,982	137,670,244
(2) Exchange differences on foreign currency translation	−291,124	2,550,132	624,622	−9,170	2,874,460
3. Reduction	17,998,534	5,846,504	7,691,023	172,000	31,708,061
(1) Disposal	17,998,534	5,846,504	7,691,023	172,000	31,708,061
4. Closing balance	354,189,668	273,335,750	315,800,252	983,829	944,309,499
III. Book value					
1. At the end of the year	507,832,943	264,474,624	342,649,288	5,232,650	1,120,189,505
2. At the beginning of the year	552,530,626	295,944,467	409,201,931	4,768,402	1,262,445,427

16. Intangible assets

Unit: RMB

	Land use rights	Mining rights	Mine restoration fees	Concession rights	Software and others	Total
I. Original price						
1. Opening balance	4,442,104,096	15,374,419,199	1,244,227,715	234,042,265	344,819,757	21,639,613,032
2. Addition	54,871,143	57,069,677	10,126,314	4,093,816	7,000,561	133,161,511
(1) Purchase	3,620,543	50,537,298	9,954,528	–	98,335	64,210,704
(2) Transfer from construction in progress	21,205,095	2,777,947	–	4,093,816	6,960,475	35,037,333
(3) Exchange differences on foreign currency translation	30,045,505	3,754,432	171,786	–	−58,249	33,913,474
3. Reduction	–	–	–	–	221,368	221,368
(1) Disposal	–	–	–	–	221,368	221,368
4. Closing balance	4,496,975,239	15,431,488,876	1,254,354,029	238,136,081	351,598,950	21,772,553,175
II. Accumulated amortization						
1. Opening balance	−843,834,959	−3,263,688,162	−279,607,522	−125,568,751	−301,699,810	−4,814,399,204
2. Addition	−47,714,335	−274,304,114	−32,532,751	−7,742,637	−12,453,103	−374,746,940
(1) Provision	−45,055,940	−265,858,807	−32,502,068	−7,742,637	−12,582,860	−363,742,312
(2) Exchange differences on foreign currency translation	−2,658,395	−8,445,307	−30,683	–	129,757	−11,004,628
3. Reduction	–	–	–	–	−221,368	−221,368
(1) Disposal	–	–	–	–	−221,368	−221,368
4. Closing balance	−891,549,294	−3,537,992,276	−312,140,273	−133,311,388	−314,374,281	−5,189,367,512
III. Provision for impairment losses						
1. Opening balance	−6,421,519	−24,913,690	–	–	−20,531,969	−51,867,178
2. Addition	–	–	–	–	–	–
(1) Provision	–	–	–	–	–	–
3. Reduction	–	–	–	–	–	–
(1) Disposal	–	–	–	–	–	–
4. Closing balance	−6,421,519	−24,913,690	–	–	−20,531,969	−51,867,178
IV. Book value						
1. At the end of the year	3,599,004,426	11,868,582,910	942,213,756	104,824,693	16,692,700	16,531,318,485
2. At the beginning of the year	3,591,847,618	12,085,817,347	964,620,193	108,473,514	22,587,978	16,773,346,650

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

17. Goodwill

Unit: RMB

	Opening balance	Increase business combinations	Decrease Disposals	**Closing balance**
Huaxin Cement (Daye) Co., Ltd	189,057,605	–	–	**189,057,605**
Natal Portland Cement Company (Pty) Ltd.	625,378,935	–	12,193,090	**613,185,845**
Cambodian Cement Chakrey Ting Factory Co., Ltd.	122,501,315	–	4,459,840	**118,041,475**
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	101,685,698	–	–	**101,685,698**
CHILANGA Cement PLC	100,747,852	–	−15,140,443	**115,888,295**
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**
NETNIX LIMITED	57,240,141	–	1,331,714	**55,908,427**
Huaxin Cement (E'zhou) Co., Ltd.	21,492,135	–	–	**21,492,135**
Hainan Huaxin Dacheng Concrete Co., Ltd.	16,533,093	–	–	**16,533,093**
Hainan Huaxin Fuli Concrete Co., Ltd.	21,944,066	–	–	**21,944,066**
Yueyang County Yonggu Concrete Co.	8,119,042	–	–	**8,119,042**
Hainan Huaxin Ronghui Concrete Co., Ltd	5,809,669	–	–	**5,809,669**
Huaxin Commercial Concrete (Ezhou Huarong) Co.	25,017,823	–	–	**25,017,823**
HBM NIGERIA PLC	2,498,963,160	–	−30,788,047	**2,529,751,207**
EMBU S.A. ENGENHARIA E COMÉRCIO	572,934,545	–	−14,904,380	**587,838,925**
Hainan Huaxin Zhengchuan Concrete Co., Ltd.	8,057,376	–	–	**8,057,376**
Total	4,524,353,486	–	−42,848,226	**4,567,201,712**

Impairment losses of goodwill measured as follows:

Unit: RMB

	Opening balance	Increase Provision	Decrease Disposals	**Closing balance**
Success Eagle Cement (Hong Kong) Limited and its subsidiaries	69,557,768	–	–	**69,557,768**
Huaxin Cement (E'zhou) 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**

18. Long-term prepaid expenditures

Unit: RMB

	Opening balance	Addition	Amortization	Impairment	**Closing balance**
Mine development cost	383,954,261	5,423,302	12,537,173	—	**376,840,390**
Relocation expenses	527,669,632	—	31,430,912	—	**496,238,720**
Others	107,637,890	16,225,840	5,345,691	—	**118,518,039**
Total	1,019,261,783	21,649,142	49,313,776	—	**991,597,149**

19. Deferred tax assets/Deferred tax liabilities

Deferred income tax asset

Unit: RMB

	Closing balance		Opening balance	
	Deductible temporary differences	**Deferred income tax assets**	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	**778,214,139**	**197,161,071**	765,712,275	194,888,184
Difference between the fair value and the tax cost of identifiable assets of business combination	**696,734,673**	**173,241,954**	718,812,251	176,553,591
Temporary differences arising from expense recognition	**480,823,161**	**126,112,404**	470,495,891	124,147,499
Unrealized profit arising from elimination of intra-group transactions	**462,461,180**	**115,615,295**	452,497,693	113,124,423
Eductible tax losses	**2,289,474,849**	**597,593,487**	1,836,754,455	464,615,521
Provision for staff welfare	**82,288,669**	**18,669,969**	89,082,617	19,920,998
Lease	**1,316,120,482**	**218,702,664**	1,316,112,600	303,169,226
Provisions for Mine restoration	**1,087,114,181**	**242,314,594**	1,044,082,162	220,701,465
Others	**166,203,310**	**43,966,873**	167,302,508	45,087,421
Total	**7,359,434,644**	**1,733,378,311**	6,860,852,452	1,662,208,328

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

19. Deferred tax assets/Deferred tax liabilities — *continued*

Deferred income tax liabilities not eliminated:

Unit: RMB

	Closing balance		Opening balance	
	Taxable temporary differences	**Deferred income tax liabilities**	Taxable temporary differences	Deferred income tax liabilities
Capitalization of interest on general borrowings	**101,359,923**	**25,339,981**	105,321,756	26,330,439
Changes in fair value of other equity instrument investments	**155,479,852**	**38,869,963**	157,510,950	39,377,737
Changes in fair value of other non-current assets	**27,297,607**	**6,824,402**	37,123,024	9,280,756
Valuation appreciation on assets in business combination not involving enterprises under common control	**4,099,272,054**	**1,217,544,192**	4,488,563,308	1,263,518,254
Depreciation difference of fixed assets between accounting and tax basis	**4,749,602,001**	**1,238,032,664**	4,700,677,495	1,215,462,125
Lease	**952,433,604**	**233,593,951**	1,345,260,440	306,302,145
Intangible assets for Mine restoration	**913,829,017**	**202,909,003**	910,816,282	193,056,213
Others	**1,336,583,601**	**352,805,344**	1,362,489,532	347,442,287
Total	**12,335,857,659**	**3,315,919,500**	13,107,762,787	3,400,769,956

Deferred income tax assets and deferred income tax liabilities are presented at the net amount after eliminated:

Unit: RMB

	Amount of deferred income tax assets and liabilities offset at the end of the period	**Closing balance of deferred income tax assets or liabilities after offset**	Deferred income tax assets and liabilities offset at beginning of period	Opening balance of deferred tax assets or liabilities after offset
Deferred income tax assets	**909,805,747**	**823,572,564**	909,267,559	752,940,769
Deferred income tax liabilities	**909,805,747**	**2,406,113,753**	909,267,559	2,491,502,397

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

19. Deferred tax assets/Deferred tax liabilities — *continued*

Details of unrecognized deferred income tax assets

Unit: RMB

	Closing balance	Opening balance
Deductible temporary differences	**2,414,407,648**	2,443,177,904
Deductible losses	**2,001,356,117**	2,300,672,592
Total	**4,415,763,765**	4,743,850,496

The deductible losses that are not recognised as deferred income tax assets will expire in the following years:

Unit: RMB

	Closing balance	Opening balance
2026	**21,541,612**	33,621,516
2027	**268,525,715**	282,640,766
2028	**310,829,795**	334,798,535
2029	**653,888,887**	729,029,488
2030	**455,343,934**	636,860,943
2031	**145,905,416**	125,215,417
2032	**96,237,223**	109,422,392
2033	**14,478,888**	14,478,888
2034	**14,516,572**	14,516,572
2035	**20,088,075**	20,088,075
Total	**2,001,356,117**	2,300,672,592

The Group's subsidiaries with deductible losses prepare the profit forecasts for the next 5 years based on the approved budget to assess the taxable income before the expiration of the deductible loss, and to recognize the deferred income tax assets for the deductible loss based on the assessment result.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

20. Assets with restricted ownership or usage rights

Unit: RMB

	Closing balance		Opening balance	
	Carrying Amount	Book Value	Carrying Amount	Book Value
Cash and bank balances	**868,255,874**	**868,255,874**	1,707,956,330	522,452,105
Fixed assets	**4,848,869**	**4,848,869**	5,079,845	5,079,845
Intangible assets	**5,303,607**	**5,303,607**	7,637,957	7,637,957
Total	**878,408,350**	**878,408,350**	1,720,674,132	535,169,907

21. Short-term borrowings

Unit: RMB

	Closing balance	Opening balance
Mortgaged borrowings (Note 1)	**10,000,000**	10,000,000
Credit borrowings	**68,676,500**	64,964,152
Guaranteed Borrowings (Note 2)	**525,373,657**	492,970,493
Pledged borrowings	**—**	1,000,000
Total	**604,050,157**	568,934,645

Note 1: As at 30 June 2026 and 31 December 2025, details and value of collaterals corresponding to mortgaged borrowings of the Group are set out in Note VII. 20.

Note 2: As at 30 June 2026 and 31 December 2025, the guaranteed borrowings were guaranteed by entities within the Group.

22. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bills	**521,476,685**	653,818,101
Total	**521,476,685**	653,818,101

As at 30 June 2025, there were no outstanding notes payable.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

23. Accounts payable

Unit: RMB

	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	**6,660,025,945**	6,922,741,339
1 to 2 years (inclusive of 2 years)	**637,697,547**	341,592,120
2 to 3 years (inclusive of 3 years)	**106,718,912**	271,548,988
Over 3 years	**725,482,718**	632,318,886
Total	**8,129,925,122**	8,168,201,333

The aging of accounts payable is calculated from the date of receipt of goods delivered by suppliers or rendering of services from suppliers.

24. Contract liabilities

Unit: RMB

	Closing balance	Opening balance
Advance on sales of goods	**1,199,586,415**	1,295,767,010
Total	**1,199,586,415**	1,295,767,010

Generally, the Group will perform the obligations and recognize revenue within three months after receiving the advance on sales of goods will.

25. Employee benefits payable

Unit: RMB

	Opening balance	Increase	Decrease	**Closing balance**
Short-term remunerations	275,442,060	1,285,797,376	1,260,695,516	**300,543,920**
Post-employment benefits (defined contribution plan)	3,608,797	111,384,107	114,695,375	**297,529**
Other benefits due within 1 year	15,613,811	4,076,751	5,908,125	**13,782,437**
Total	294,664,668	1,401,258,234	1,381,299,016	**314,623,886**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

25. Employee benefits payable — *continued*

Short-term remuneration is as follows:

Unit: RMB

	Opening balance	Increase	Decrease	**Closing balance**
Wages or salaries, bonuses, allowances and subsidies	230,056,976	967,271,625	985,879,326	**211,449,275**
Staff welfare	12,428,786	120,488,155	115,416,242	**17,500,699**
Social security contributions	5,272,407	96,141,307	73,982,264	**27,431,450**
Including: Medical insurance	1,675,404	88,052,921	66,061,291	**23,667,034**
Work injury insurance	3,353,715	7,677,470	7,526,021	**3,505,164**
Maternity insurance	243,288	410,916	394,952	**259,252**
Housing funds	607,760	65,557,676	65,901,876	**263,560**
Union running costs and employee education costs	27,076,131	36,338,613	19,515,808	**43,898,936**
Total	275,442,060	1,285,797,376	1,260,695,516	**300,543,920**

Defined contribution plan are as follows:

Unit: RMB

	Opening balance	Increase	Decrease	**Closing balance**
Basic pension	3,105,834	107,253,221	110,359,055	**—**
Unemployment insurance	502,963	4,130,886	4,336,320	**297,529**
Total	3,608,797	111,384,107	114,695,375	**297,529**

The Group participated in the pension insurance and unemployment insurance plan managed by local government. According to the plan, the Group made contributions based on 0.1%–20% and 0.5–1% of the basic wages of employees. In addition to the monthly deposit fees mentioned above, the Group has no further payment obligations. The corresponding expenses are included in the current profit or loss or the cost of related assets when incurred.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

26. Taxes and surcharges payable

Unit: RMB

	Closing balance	Opening balance
VAT	**216,825,038**	167,495,712
Corporate income tax	**738,658,133**	918,948,197
Individual income tax	**20,116,104**	22,475,837
Resources tax	**51,893,559**	41,730,354
Environmental protection tax	**17,207,743**	21,213,278
Others	**82,303,531**	134,496,757
Total	**1,127,004,108**	1,306,360,135

27. Other payables

Unit: RMB

	Closing balance	Opening balance
Interests payable	**117,872,824**	74,805,644
Dividends payable	**222,240,617**	47,332,036
Other payables	**1,066,120,152**	1,036,944,324
Total	**1,406,233,593**	1,159,082,004

Interests payable

Unit: RMB

	Closing balance	Opening balance
Interests of corporate bonds	**104,592,099**	57,691,483
Interests on borrowings	**13,280,725**	17,114,161
Total	**117,872,824**	74,805,644

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

27. Other payables — *continued*

Dividends payable

Unit: RMB

	Closing balance	Opening balance
Dividends on common stock	**184,727,390**	25,033,549
Dividends on non-controlling shareholders — CHILANGA Cement PLC non-controlling shareholders	**37,513,227**	22,298,487
Total	**222,240,617**	47,332,036

Other payables

Unit: RMB

	Closing balance	Opening balance
Deposits	**514,671,566**	474,021,281
Payables to non-controlling shareholders	**187,157,258**	190,642,617
Payables for equity acquisition and others	**97,260,534**	103,462,234
Others	**267,030,794**	268,818,192
Total	**1,066,120,152**	1,036,944,324

As at 30 June 2026, significant other payables over one year of the Group are as follows:

Unit: RMB

	Closing balance	Reasons for un-repayment
Payables to non-controlling shareholders	**184,783,552**	Undue Payment
Payables for equity acquisition and others	**97,260,534**	Criteria is not met
Total	**282,044,086**	/

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

28. Current portion of non-current liabilities

Unit: RMB

	Closing balance	Opening balance
Long-term borrowings due within one year	**3,784,620,095**	3,575,633,591
Bonds payable due within one year	**799,023,170**	798,862,072
Long-term payables due within one year	**496,413,955**	759,051,495
Lease liabilities due within one year	**254,827,249**	298,829,365
Total	**5,334,884,469**	5,432,376,523

29. Long-term borrowings

Unit: RMB

	Closing balance	Opening balance
Pledged borrowings	**50,000,000**	—
Guaranteed borrowings	**8,904,984,136**	8,909,446,625
Credit borrowings	**7,885,592,550**	7,881,441,525
Guaranteed borrowings due within one year	**2,471,120,095**	1,234,274,168
Credit borrowing due within one year	**1,308,000,000**	2,341,359,423
Pledged borrowings due within one year	**5,500,000**	—
Total	**13,055,956,591**	13,215,254,559

As at 30 June 2026, the annual interest rates of the borrowings above were 1.25%–6.10%(31 December 2025: 1.25%–7.82%).

Note 1: As at 30 June 2026 and 31 December 2025, the guaranteed borrowings of the Group were guaranteed by entities within the Group.

30. Bonds payable

(1). Bonds payable

Unit: RMB

	Closing balance	Opening balance
Company bonds issued in 2022(Low-carbon transition-linked bonds) (Phase I)	**399,244,500**	399,148,844
Preference shares of subsidiary	**147,988,230**	152,286,381
Company bonds issued in 2024	**1,098,686,057**	1,098,358,415
Company bonds issued in 2025 (High-growth industry bonds)	**1,098,407,128**	1,098,271,652
Company bonds issued in 2025 (Science and technology innovation bonds) (Phase I)	**999,031,226**	998,928,773
Company bonds issued in 2025 (Science and technology innovation bonds) (Phase II)	**1,497,480,514**	1,496,959,938
Total	**5,240,837,655**	5,243,954,003

(2). Changes in bonds payable

Unit: RMB

Bond Name	Face value	Coupon rate (%)	Issue date	Term	Issue amount	Balance at the beginning of the year	Issued during the year	Amortization of premium or discount	Exchange gain or loss	Transfer to non current liabilities due within one year	**Closing balance**	Balance of interest payable
2022 Issuance of Corporate Bonds (Low-carbon Transition-linked Bonds) (Phase I) Variety II	100	3.39	2022/7/19	5年	400,000,000	399,148,844	95,656	100	–	–	**399,244,500**	13,560,678
Public Offering of Science and Technology Innovation Corporate Bonds for Professional Investors in 2024 (First Issue)	100	2.49	2024/8/14	5年	1,100,000,000	1,098,358,415	327,643	100	–	–	**1,098,686,057**	24,013,150.68
Public Offering of "Belt and Road" Science and Technology Innovation Corporate Bonds (High-growth Industry Bonds) for Professional Investors in 2025 (First Issue)	100	2.14	2025/1/13	5年	1,100,000,000	1,098,271,652	135,477	100	–	–	**1,098,407,128**	22,557,558.36
Public Offering of Science and Technology Innovation Corporate Bonds for Professional Investors in 2025 (First Issue)	100	2.08	2025/7/14	5年	1,000,000,000	998,928,774	102,453	100	–	–	**999,031,226**	20,800,000
Public Offering of Science and Technology Innovation Corporate Bonds for Professional Investors in 2025 (Second Issue) (Shanghai Stock Exchange) (Competitive Sale)	100	1.99	2025/10/23	3年	1,500,000,000	1,496,959,938	520,577	100	–	–	**1,497,480,514**	20,445,205.48
Total	/	/	/	/	5,100,000,000	5,091,667,623	1,181,806	/	–	–	**5,092,849,425**	101,376,593

30. Bonds payable — *continued*

(3). Notes to other financial instruments classified as financial liabilities

Movements in preference shares

Unit: RMB

Outstanding financial instruments	Opening balance		Addition		**Closing balance**	
	Shares	Carrying amount	Shares	Carrying amount	**Shares**	**Carrying amount**
Preference shares of the subsidiary	19,250,000	152,286,381	—	—	**19,250,000**	**147,988,230**
Total	19,250,000	152,286,381	—	—	**19,250,000**	**147,988,230**

(4). Maturity analysis of bonds payable due over one year

Unit: RMB

	Closing balance	Opening balance
1 to 2 years	**399,405,597**	399,148,844
2 to 5 years	**4,841,593,155**	4,844,805,159
Over 5 years	**—**	—
Total	**5,240,998,752**	5,243,954,003

31. Lease liabilities

Unit: RMB

	Closing balance	Opening balance
Lease liabilities	**1,100,927,970**	1,247,653,732
Less: lease liabilities due within one year	**254,827,249**	298,829,365
Total	**846,100,721**	948,824,367

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

32. Long-term payable

Unit: RMB

Item	Closing balance	Opening balance
Long-term accounts payable	**1,094,792,845**	1,089,119,472
Total	**1,094,792,845**	1,089,119,472

Unit: RMB

Item	Closing balance	Opening balance
Transaction fees of mining rights paid in installments	**963,514,706**	1,064,553,293
Finance lease back payable	**627,692,094**	783,617,674
Less: Transaction fees of mining rights paid by installments due within one year	**324,667,967**	436,671,380
Finance lease payable due within 1 year	**171,745,988**	322,380,115
Total	**1,094,792,845**	1,089,119,472

Analysis of maturity of long-term payables:

Unit: RMB

Item	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	**496,413,955**	759,051,495
1 to 2 years (inclusive of 2 years)	**805,429,256**	588,353,603
2 to 5 years (over 2 years and inclusive of 5 years)	**288,752,046**	495,990,169
Over 5 years	**611,543**	4,775,700
Total	**1,591,206,800**	1,848,170,967

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

33. Long-term Employee Benefits Payable

Unit: RMB

Item	Closing balance	Opening balance
Net liabilities of defined benefit plan	**72,531,098**	74,702,051
Less: To be paid within one year	**13,782,437**	15,613,811
Total	**58,748,661**	59,088,240

Note 1: The Group's defined benefit plans are various supplementary benefit plans targeting those employees retiring before the designated dates and retired employees. These plans are impacted by interest rate risk and changes in the life expectancy of pension beneficiaries.

34. Provisions

Unit: RMB

Item	Opening balance	Closing balance	Formation reasons
Mine restoration fees	1,210,561,858	**1,179,846,994**	The Group's cement companies recognize estimated restoration costs on the basis of mine restoration expenditures to be incurred in subsequent years.
Others	167,553,792	**141,142,937**	Others include expected compensation payments for pending litigations of the Group's subsidiaries, etc.
Total	1,378,115,650	**1,320,989,931**	/

35. Deferred income

Unit: RMB

Item	Opening balance	Addition	Reduction	**Closing balance**	Underlying reason
Government grants	250,971,380	23,932,500	11,638,874	**263,265,006**	Government grants related to assets
Total	250,971,380	23,932,500	11,638,874	**263,265,006**	/

36. Other non-current liabilities

Unit: RMB

Item	**Closing balance**	Opening balance
Advance on sales of goods	**99,693,000**	99,693,000
Total	**99,693,000**	99,693,000

37. Share capital

Unit: RMB

Item	**Closing balance**	Opening balance
Listed shares without restriction of trading		
RMB ordinary shares	**1,344,275,649**	1,344,275,649
Overseas listed ordinary shares	**734,720,000**	734,720,000
Total	**2,078,995,649**	2,078,995,649

38. Capital reserve

Unit: RMB

Item	Opening balance	Addition	Reduction	**Closing balance**
Share premium	1,448,120,049	—	—	**1,448,120,049**
Other capital surplus	99,657,310	637,450	—	**100,294,760**
Equity incentive	36,267,865	17,889,440	—	**54,157,305**
Total	1,584,045,224	18,526,890	—	**1,602,572,114**

39. Treasury shares

Unit: RMB

Item	Opening balance	Addition	Reduction	Closing balance
Treasury share for equity incentive plan	98,083,202	22,399,220	—	**120,482,422**
Total	98,083,202	22,399,220	—	**120,482,422**

The Company repurchased 1,573,400 shares and incurred expenditures of RMB22,399,220 for the employee incentive program in January-June 2026.

40. Accumulated other comprehensive income

Unit: RMB

		Amount incurred before income tax for the period			
Item	Opening balance	Amount for the current period	Attributable to owners of the company after tax	Attributable to the minority interest after tax	**Closing balance**
Changes in fair value of investment in other equity instruments	114,658,943	−2,031,098	−1,523,323	—	**113,135,620**
Exchange differences on foreign currency translation	650,752	−133,002,298	−122,862,628	−10,139,670	**−122,211,876**
Total	115,309,695	−135,033,396	−124,385,951	−10,139,670	**−9,076,256**

41. Specialized reserves

Unit: RMB

Item	Opening balance	Addition	Reduction	Closing balance
Production safety cost	60,561,207	264,218,346	268,300,804	**56,478,749**
Total	60,561,207	264,218,346	268,300,804	**56,478,749**

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

42. Surplus reserves

Unit: RMB

Item	Opening balance	Addition	Reduction	**Closing balance**
Statutory surplus reserve	1,048,299,928	—	—	**1,048,299,928**
Discretionary surplus reserve	63,580,329	—	—	**63,580,329**
Total	1,111,880,257	—	—	**1,111,880,257**

According to the requirements of the Company Law and the Articles of Association of the Company, the Company shall appropriate 10% of its net profit to the statutory surplus reserve. In the event that the accumulated statutory surplus reserve of the Company has exceeded 50% of the registered capital of the Company, additional appropriation will not be needed. After the appropriation to statutory surplus reserve, the Company may make appropriation to the discretionary surplus reserve. Upon approval, the discretionary surplus reserve can be used to make up for losses from previous years or to increase the share capital.

The cumulative amount of the Company's statutory surplus reserve has exceeded 50% of the registered capital, and no statutory surplus reserve was withdrawn in January-June 2026 (2025: Nil).

43. Unappropriated profit

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Retained earnings as at the beginning of the year	**27,208,717,454**	26,017,705,413
Adjustment of total retained profits at the beginning of the current period (Add +, Less —)	**—**	—
Retained profits at the beginning of the current period (after adjustment)	**27,208,717,454**	26,017,705,413
Add: Net profit attributable to the owners of the parent Company in the current period	**1,712,791,886**	2,853,332,040
Less: Appropriation to statutory surplus reserve	**—**	—
Ordinary share dividends payable	**436,589,086**	1,662,319,999
Retained earnings at the end of the year	**28,484,920,254**	27,208,717,454

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

44. Operating revenue and cost

Unit: RMB

Item	Amount for the current period Revenue	Amount for the current period Cost	Amount for the prior period Revenue	Amount for the prior period Cost
Principal operations	**19,381,446,826**	**13,278,956,418**	15,936,934,688	11,333,787,250
Other operations	**115,659,229**	**66,054,818**	109,705,499	71,790,046
Total	**19,497,106,055**	**13,345,011,236**	16,046,640,187	11,405,577,296

The operating revenue from contracts with customers is as follows:

Unit: RMB

	Amount for the current period operating revenue	Amount for the current period operating cost	Amount for the prior period Operating revenue	Amount for the prior period operating cost
Analysis by product				
Sales of cement	**12,721,835,098**	**8,241,491,657**	8,754,581,124	6,029,693,118
Sales of concrete	**2,970,005,716**	**2,491,594,735**	3,456,745,885	3,003,271,938
Sales of clinker	**259,647,438**	**249,671,271**	397,096,518	355,224,754
Sales of aggregate	**2,811,681,023**	**1,734,738,965**	2,762,583,002	1,439,038,459
Others	**733,936,780**	**627,514,608**	675,633,658	578,666,188
Timing of revenue recognition				
At a point in time	**19,069,118,898**	**12,956,111,912**	15,677,002,520	11,081,181,207
Over time	**423,259,872**	**387,148,791**	362,880,005	318,570,696
Rental income-operating lease	**4,727,285**	**1,750,533**	6,757,662	5,825,393
Total	**19,497,106,055**	**13,345,011,236**	16,046,640,187	11,405,577,296

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 new building materials

Revenue is recognized 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.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

44. Operating revenue and cost — *continued*

Other information: — continued

Rendering services

The performance obligation is satisfied over time as services are rendered and payment is generally settled on a timely basis. The Group recognize the revenue upon completion of disposal amount.

Information relating to the transaction price apportioned to the remaining performance obligation:

As at 30 June 2026, the amount of revenue corresponding to contracts entered into but not yet fulfilled or earlier performance obligations amounted to RMB1,199,586,415, which is recognized as revenue within the next 2 years (31 December 2025: RMB1,295,767,010).

45. Tax and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Consumption tax	**58,152,870**	55,450,478
City maintenance and construction tax	**27,876,910**	30,069,001
Education surcharges	**12,929,194**	14,629,525
Resource tax	**210,619,913**	202,445,803
Property tax	**36,193,103**	26,658,772
Land-use tax	**32,909,791**	35,074,149
Environment protection tax	**12,658,277**	17,086,348
Others	**32,222,275**	35,614,413
Total	**423,562,333**	417,028,489

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

46. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Consumption of materials	**319,589,999**	236,141,204
Staff costs	**290,888,960**	222,893,281
Depreciation and amortization expenses	**60,940,774**	59,695,961
Electric charge	**65,890,413**	59,354,253
Repair expenses	**9,572,927**	23,682,371
Sales expenses	**125,771,831**	110,844,620
Others	**64,814,637**	49,974,722
Total	**937,469,541**	762,586,412

47. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Employee compensation and labor costs	**580,035,308**	500,783,551
Depreciation and amortization expenses	**123,583,608**	109,521,921
Agency fees	**64,951,756**	46,800,196
Office expenses	**199,118,956**	129,351,901
Environmental protection and greening fees	**48,743,555**	58,368,782
Others	**91,920,166**	95,046,290
Total	**1,108,353,349**	939,872,641

48. Finance costs

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expenses	**362,309,724**	354,306,130
Less: Interest	**171,455,501**	89,363,313
Exchange gains	**131,785,237**	158,608,792
Others	**15,253,397**	13,614,601
Total	**337,892,857**	437,166,210

49. Other income

Unit: RMB

	Amount for the current period	Amount for the prior period
Tax refunds from comprehensive utilization of resources	**8,361,167**	12,827,093
Amortization of deferred income	**11,550,074**	8,512,372
Others	**36,451,099**	49,899,370
Total	**56,362,340**	71,238,835

50. Investment income

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Gains from long-term equity investments under equity method	**1,853,744**	2,710,821
Income (losses) on disposal of long-term equity investments	**–**	–3,236,317
Investment gains from held for trading financial assets during the holding period	**5,252,946**	1,556,780
Gain from debt restructuring	**1,007,768**	23,005
Total	**8,114,458**	1,054,289

51. Gains (losses) from changes in fair value

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Held-for-trading financial assets		
Other non-current financial assets	**–9,825,417**	2,128,471
Total	**–9,825,417**	2,128,471

52. Credit impairment loss

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Losses on impairment of account receivables	**41,067,325**	24,660,796
Losses on impairment of other receivables	**−259,712**	1,572,472
Total	**40,807,613**	26,233,268

53. Asset Impairment Loss

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Losses on decline in value of inventories	**780,704**	4,054,858
Losses on decline in value of construction in process	**930,377**	—
Total	**1,711,081**	4,054,858

54. Gains/(Losses) on disposal of assets

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Gains/(Losses) on disposal of long-term assets	**22,331,605**	−453,063
Total	**22,331,605**	−453,063

55. Non-operating income

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period	Recognised in non-recurring profit and loss
Gains on disposal of fixed assets	**731,519**	976,815	731,519
Government grants	**731,519**	976,815	731,519
Others	**11,612,945**	6,612,375	11,612,945
Total	**12,344,464**	7,589,190	12,344,464

56. Non-operating expenses

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Losses on retirement of fixed assets	**2,019,181**	3,344,615	2,019,181
Expenses on donation	**33,029,838**	3,396,350	33,029,838
Others	**34,260,155**	31,784,621	34,260,155
Total	**69,309,174**	38,525,586	69,309,174

57. Income tax expense

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Current income tax expenses	**1,144,020,131**	571,791,452
Deferred income tax expense	**−144,521,776**	53,204,041
Total	**999,498,355**	624,995,493

A reconciliation of income tax expense and total profit is set out as follows:

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Profit before tax	**3,253,994,831**	2,024,928,214
Income tax expense at the statutory/applicable tax rate	**813,498,708**	506,232,053
Effect of different tax rates of some subsidiaries	**98,350,991**	−84,520,336
Effect of non-taxable income	**−601,598**	−635,185
Effect of non-deductible costs, expenses and losses	**365,465**	667,741
Effect of utilization of deductible losses for which deferred tax assets were not recognized in prior period	**−37,520,928**	−11,119,192
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized in the current period	**12,179,219**	69,982,592
Withholding income tax on expected profit distributions by overseas subsidiaries	**109,409,061**	147,738,075
Others	**3,817,435**	−3,350,257
Income tax expense at the effective tax rate of the Group	**999,498,355**	624,995,493

58. Earnings per share

Item	**Amount for the current period RMB/share**	Amount for the prior period RMB/share
Basic earnings per share		
Continuing operations	**0.83**	0.53
Diluted earnings per share		
Continuing operations	**0.80**	0.52

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company (after deducting the cash dividends expected to be unlocked by holders of restricted stocks in the future) divided by the weighted average number of outstanding ordinary shares in issue.

The diluted element of earnings per share is determined by current net profit attributable to the Company's ordinary shareholders, after adjusted for dilutive potential ordinary share.

The denominator of diluted earnings per share is equal to the sum of: (1) the weighted average of the parent company's issued ordinary shares in basic earnings per share; and (2) 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.

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

58. Earnings per share — *continued*

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**1,712,791,886**	1,103,484,806
Less: Cash dividends expected to unlock future restricted shareholders	**—**	—
subtotal	**1,712,791,886**	1,103,484,806
Add: Cash dividends expected to unlock future restricted shareholders	**—**	—
Less: The effect of subsidiaries dilutive potential ordinary share	**65,790,159**	16,546,260
Adjusted net profit for the period attributable to the Company's ordinary shareholders	**1,647,001,727**	1,086,938,546
Attributed to:		
Continuing operations	**1,647,001,727**	1,086,938,546
Shares		
Weighted average number of ordinary shares in issue of the Company	**2,073,832,257**	2,077,779,049
Dilution effect-the weighted average of common shares		
Restricted stocks	**6,775,425**	2,153,277
The adjusted weighted average of the Company's common shares outstanding	**2,080,607,682**	2,079,932,326

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

59. Notes to the statement of cash flows items

1. Cash related to operating activities

Other cash receipts relating operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receipt of security deposit, petty cash	**282,596,223**	254,718,658
Government subsidy	**36,451,099**	49,899,370
Interest income	**171,455,501**	89,363,313
Others	**73,394,519**	42,868,652
Total	**563,897,342**	436,849,993

Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Deposit and other amounts paid	**273,812,936**	254,659,523
Selling and administrative expenses etc. paid	**289,780,212**	191,249,195
Environmental protection fee	**47,298,886**	47,067,667
Other current accounts	**537,352,010**	332,663,840
Total	**1,148,244,044**	825,640,225

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

59. Notes to the statement of cash flows items — *continued*

2. Cash related to investing activities

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Recovery of non-financial corporate transactions	**17,600,000**	25,900,000
Cash and cash equivalents held by subsidiaries on the date of purchase	**1,000,000**	—
Total	**18,600,000**	25,900,000

Other cash payments relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Intention money for equity mergers and acquisitions	**—**	178,340,668
Total	**—**	178,340,668

3. Cash related to financing activities

Other cash receipts relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receive after sale finance lease payment and security deposit	**—**	300,000,000
Received from non-financial corporations	**—**	5,814,707
Sale of non-controlling equity funds	**—**	32,971,879
Others	**34,392,754**	4,525,232
Total	**34,392,754**	343,311,818

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

59. Notes to the statement of cash flows items — *continued*

3. Cash related to financing activities — continued

Other cash payment relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Lease payment	**109,299,941**	151,706,212
Payment for employee Stock Ownership Plan	**24,400,000**	30,577,096
Expenses related to issuance of bonds, acquisition of loans and acquisition of financial lease funds	**20,912,806**	37,518,493
Capital reduction payment	**58,800,000**	—
Total	**213,412,747**	219,801,801

4. Significant activities not involving current cash receipts and disbursements

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Bank acceptance bills endorsed for payment of goods and services	**2,204,027,200**	2,360,794,800
Bank acceptance bills endorsed for payment of construction work	**850,467,100**	759,963,400
Bank acceptance bills endorsed for financing payments	**35,069,400**	—

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

60. Supplemental information to statement of cash flows

1. Supplemental information to statement of cash flows

Unit: RMB

Item	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	**2,254,496,476**	1,399,932,721
Add: Impairment losses on assets	**1,711,081**	4,054,858
Credit impairment losses	**40,807,613**	26,233,268
Depreciation of fixed assets	**1,367,811,232**	1,227,762,520
Depreciation of right-of-use assets	**137,670,244**	135,715,703
Amortization of intangible assets	**363,742,311**	285,480,940
Amortization of long-term amortized expenses	**49,313,776**	54,534,521
(Gain)Loss on disposal of fixed assets, intangible assets and other long-term assets	**−22,331,605**	453,063
Loss on retirement of fixed assets	**1,287,662**	963,680
Loss (gain) on change in fair value	**9,825,417**	−2,128,471
Financial cost	**509,348,358**	526,529,522
Investment losses	**−8,114,458**	−1,054,289
Increase in deferred income tax assets	**−70,655,241**	−77,616,029
Increase in deferred income tax liabilities	**−17,508,291**	24,411,988
Decrease in inventory	**−559,027,404**	200,783,743
Increase in operating receivables	**−1,545,625,571**	−2,015,473,919
Increase in operating payables	**192,091,481**	−158,277,145
Amortization of deferred income	**−11,550,074**	−8,512,372
Net cash flows from operating activities	**2,693,293,008**	1,623,794,304
2. Major investing and financing activities that do not involve cash:		
Bank acceptance bills endorsed for payment of construction work	**850,467,100**	759,963,400
3. Net change in cash and cash equivalents:		
Balance of cash at the end of the year	**6,481,012,093**	5,756,834,003
Less: Balances of cash equivalents at the beginning of the year	**6,826,727,134**	6,219,040,331
Net decrease in cash and cash equivalents	**−345,715,041**	−462,206,328

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

60. Supplemental information to statement of cash flows — *continued*

2. Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash	**6,481,012,093**	6,826,727,134
Including: Cash on hand	**2,421,475**	1,171,962
Bank deposits	**6,478,590,618**	6,825,555,172
Balance of cash and cash equivalents at end of the year	**6,481,012,093**	6,826,727,134

3. Monetary funds not classified as cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance	Rationale
Fixed deposits	**1,492,166,699**	1,185,504,225	Fixed deposits
Deposits for acceptance bills and letters of credit	**352,285,029**	110,270,991	Guarantees
Deposits for mine land reclamation	**205,111,147**	160,653,540	Guarantees
Deposits for letter of guarantee	**91,516,335**	54,224,061	Guarantees
Intercompany fund transfers in transit within the Group	**—**	45,035,688	Funds in transit
Other cash and bank balances with restrictions	**219,343,363**	152,267,825	Guarantees and frozen funds
Total	**2,360,422,573**	1,707,956,330	/

61. Foreign currency monetary items

"Foreign currency" means a currency other than the basic accounting currency of each company within the Group.

Unit: RMB

Item	Original currency	Exchange rate	CNY balance
Cash and bank balances			
USD	233,826,577	6.8109	1,592,569,434
CNY	13,484,659	1.0000	13,484,660
EUR	165,980	7.7671	1,289,184
HKD	175,039	0.8686	152,030
ZAR	1,199,111	0.4144	496,917
ZMW	3,787	0.3768	1,427
TZS	69,300	0.0026	179
MZN	4,770	0.1063	507
Accounts receivable			
USD	2,061,821	6.8109	14,042,859
Other receivables			
USD	2,068	6.8109	14,083
Accounts payable			
USD	30,940,616	6.8109	210,733,441
EUR	73,159	7.7671	568,235
CNY	36,973,073	1.0000	36,973,073
ZAR	2,263,974	0.4144	938,202
Other payables			
CNY	10,371,749	1.0000	10,371,749
HKD	14,030,340	0.8686	12,186,052
Interest payable			
USD	1,081,774	6.8109	7,367,857
Bonds payable			
USD	19,250,000	6.8109	131,109,825
Non-current Liabilities due within One year			
USD	2,080,000	6.8109	14,166,672
Long-term borrowings			
USD	11,680,000	6.8109	79,551,312

62. Lease

1. As a lessee

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Interest expense on lease liabilities	**16,762,564**	29,037,215
Lease costs recognized in profit or loss using the simplified approach	**17,642,415**	15,791,018
Total cash outflows related to leases	**109,299,941**	167,496,934

The Group has lease contracts for various items of land, houses and buildings, machinery, vehicles, and other equipment used in its operations. Leases of houses and buildings and machinery generally have lease terms of 3–8 years, while those of vehicles and other equipment generally have lease terms of 3–8 years. Generally, the Group is restricted from assigning and subleasing the underlying assets and some contracts require the Group to maintain certain financial ratios.

Total lease-related cash outflows CNY 109,299,941.

2. As lessor

The Group has entered into operating leases on underlying assets subject to operating leases, and the lease terms are between 2016 and 2028. Some leases include clauses for extension and termination options and variable lease payments. Residual value risk of the underlying assets is not significant.

Unit: RMB

Item	Rental income for the current period	Rental income for the prior period
Operating leases	**4,727,285**	6,757,662
Total	**4,727,285**	6,757,662

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS — *continued*

62. Lease — *continued*

2. As lessor — continued

The Group had total future minimum lease receivables (undiscounted) with its tenants falling due as follows:

Unit: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
Within 1 year, inclusive	**1,387,475**	1,440,207
1 to 2 years inclusive	**395,400**	1,180,707
2 to 3 years inclusive	**303,733**	418,403
3 to 4 years inclusive	**174,500**	—
4 to 5 years inclusive	**10,000**	—
Total undiscounted lease receipts after five years	**—**	—
Total	**2,271,108**	3,039,317

VIII. RESEARCH AND DEVELOPMENT EXPENDITURES

The Research and development expenditures by nature is as follows (excluding amortization of self-developed intangible assets):

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Employee remuneration and labor costs	**53,097,883**	53,977,035
Depreciation and amortization expense	**3,246,036**	3,268,024
Agency fees	**1,846,310**	7,152,393
Office expenses	**5,588,851**	5,667,726
Others	**9,463,223**	5,979,366
Total	**73,242,303**	76,044,544
Including: Expensed research and development expenditure	**68,321,490**	72,224,935
Capitalized research and development expenditure	**4,920,813**	3,819,609

VIII. RESEARCH AND DEVELOPMENT EXPENDITURES — *continued*

The Development expenditures on R&D projects eligible for capitalization are listed below:

Unit: RMB

Item	Balance at beginning of year	Increase Internal development	Reduction Transfer to other long-term assets	Balance at end of year
Project 1	40,710,690	—	—	40,710,690
Project 2	9,481,835	4,920,813	620,935	13,781,713
Project 3	2,713,674	—	—	2,713,674
Total	52,906,198	4,920,813	620,935	57,206,076

IX. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Deregistration of subsidiaries

The Group deregistered 2 subsidiaries during the year. Information of these subsidiaries is as follows:

	Proportion of shareholding of parent company before deregistration	Reason for not being subsidiary
Huaxin Anti-seepage Energy-saving Special New Materials (Fumin) Co., Ltd.	100%	Deregistration
Wuhan Baihuitong Supply Chain Technology Co., LTD	100%	Deregistration

2. Establishment of new subsidiaries

Huaxin Commercial Concrete (Qichun) Co., Ltd.	Establishment
Jiujiang Economic & Technological Development Zone Huaxin Concrete Co., Ltd.	Establishment
Huaxin New Building Materials (Baoshan) Co., Ltd.	Establishment

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Information of the Company's major subsidiaries is as follows:

Unit: RMB

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Huaxin Cement (Yangxin) Co., Ltd	Yangxin	50,000	Yangxin	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Wuxue) Co., Ltd	Wuxue	30,000	Wuxue	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Chibi) Co., Ltd	Chibi	14,000	Chibi	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Yichang) Co., Ltd	Yichang	15,000	Yichang	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Xiangyang) Co., Ltd	Xiangyang	14,000	Xiangyang	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Enshi) Co., Ltd	Enshi	6,000	Enshi	Manufacture and sale of building materials	67	33	Establishment
Huaxin Cement (Zhaotong) Co., LTD	Zhaotong	10,000	Zhaotong	Manufacture and sale of building materials	60	40	Establishment
Huaxin Cement (Tibet) Co., LTD	Tibet	5,000	Tibet	Manufacture and sale of building materials	79	–	Establishment
Huaxin Cement (Wuhan) Co., LTD	Wuhan	6,000	Wuhan	Manufacture and sale of building materials	70	30	Establishment
Wuhan Ganghua Cement Co., LTD	Wuhan	4,000	Wuhan	Manufacture and sale of building materials	50	–	Establishment
Huaxin Cement (Xiantao) Co., LTD	Xiantao	2,390	Xiantao	Manufacture and sale of building materials	80	–	Establishment
Huaxin Cement (Yueyang) Co., LTD	Yueyang	8,700	Yueyang	Manufacture and sale of building materials	68	32	Establishment
Huaxin Concrete (Wuhan) Co., LTD	Wuhan	19,830	Wuhan	Production and sale of concrete	100	–	Establishment
Huaxin Concrete (Huangshi) Co., LTD	Huangshi	2,500	Huangshi	Production and sale of concrete	–	100	Establishment
Huaxin Cement (Henan Xinyang) Co., LTD	Xinyang	20,000	Xinyang	Manufacture and sale of building materials	100	–	Establishment
Huangshi Huaxin Cement Research and Design Co., LTD	Huangshi	100	Huangshi	Engineering and design of building materials	99	–	Establishment
Hubei Dailing Future Environmental Protection Packaging Technology Co., LTD	Huangshi	6,000	Huangshi	Manufacture and sale of cement bags	100	–	Establishment
Huaxin Cement (Zigui) Co., LTD	Zigui	24,000	Zigui	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Zhuzhou) Co., LTD	Zhuzhou	34,000	Zhuzhou	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Chenzhou) Co., LTD	Chenzhou	22,000	Chenzhou	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Macheng) Co., LTD	Macheng	6,500	Macheng	Manufacture and sale of building materials	100	–	Establishment
Huaxin Environmental Engineering (Wuxue) Co., LTD	Wuxue	6,000	Wuxue	Environmental design, construction, and waste disposal	–	100	Establishment
Huaxin Cement Technology Management (Wuhan) Co., LTD	Wuhan	2,000	Wuhan	Technology development and consulting services	100	–	Establishment
Huaxin Ezhou Packaging Co., LTD	Ezhou	3,400	Ezhou	Manufacture and sale of cement bags	–	100	Establishment
Huaxin Cement (Huangshi) Bulk Storage &Transportation Co., LTD	Huangshi	2,000	Huangshi	Loading and unloading,warehousing and other services	100	–	Establishment
Huaxin Cement Xiangyang Xiangcheng Co., LTD	Xiangyang	4,000	Xiangyang	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Quxian) Co., LTD	Quxian	24,000	Quxian	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Wanyuan) Co., LTD	Wanyuan	20,200	Wanyuan	Manufacture and sale of building materials	94	6	Establishment
Huaxin Cement Chongqing Fuling Co., LTD	Fuling	20,000	Fuling	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Daoxian) Co., LTD	Daoxian	18,000	Daoxian	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Kunming Dongchuan) Co., LTD	Kunming	14,000	Kunming	Manufacture and sale of building materials	100	–	Establishment
Huaxin Cement (Lengshuijiang) Co., LTD	Lengshuijiang	20,000	Lengshuijiang	Manufacture and sale of building materials	90	–	Establishment
Huaxin Environmental Engineering Co., LTD	Wuhan	100,000	Wuhan	Environmental design,construction and waste disposal	100	–	Establishment
Huaxin Aggregate (Yangxin) Co., LTD	Yangxin	14,000	Yangxin	Production and sale of construction aggregates	–	100	Establishment
Huaxin Central Asia Investment (Wuhan) Co., LTD	Wuhan	40,000	Wuhan	Investment	100	–	Establishment
Xinyang Huaxin Concrete Co., LTD	Xinyang	2,500	Xinyang	Production and sale of concrete	–	100	Establishment
Huaxin Cement (Huangshi) Equipment Manufacturing Co., LTD	Huangshi	13,000	Huangshi	Manufacture, repair and installation of Electromechanical equipment	–	100	Establishment
Huaxin Zhuzhou Packaging Co., LTD	Zhuzhou	500	Zhuzhou	Manufacture and sale of cement bags	–	100	Establishment
Nanzhang Huaxin Xinrui Hotel Management Co., LTD	Nanzhang	50	Nanzhang	Accommodation services	–	99	Establishment
Huaxin Environmental Engineering (Huangshi) Co., LTD	Huangshi	720	Huangshi	Environmental design,construction and waste disposal	–	100	Establishment
Tibet Huaxin Building Materials Co., LTD	Tibet	3,500	Tibet	Production and sale of concrete	–	56	Establishment
Huaxin Quxian Packaging Co., LTD	Quxian	500	Quxian	Manufacture and sale of cement bags	–	100	Establishment
Huaxin Cement (Sangzhi) Co, LTD	Sangzhi	15,000	Sangzhi	Manufacture and sale of building materials	80	–	Establishment
Huaxin Concrete (Wuhan Caidian) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Nantong Huaxin Shengyuan Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Zhangjiagang Huaxin Southeast Concrete Co., LTD	Zhangjiagang	3,000	Zhangjiagang	Production and sale of concrete	–	100	Establishment
Changshu Huaxin Jinlong Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Establishment
Zhangjiagang Huaxin Xinggang Concrete Co., LTD	Zhangjiagang	3,000	Zhangjiagang	Production and sale of concrete	–	100	Establishment
Taicang Huaxin Longhe Concrete Co., LTD	Taicang	3,000	Taicang	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tongjin Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tongxin Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment

X. INTERESTS IN OTHER ENTITIES — *continued*

1. Interests in subsidiaries — *continued*

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Nantong Huaxin Jinlong Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Wuhan Jiangxia) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Boai Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Jiujiang Huaxin Concrete Co., LTD	Jiujiang	3,000	Jiujiang	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Xiaogan) Co., LTD	Xiaogan	2,500	Xiaogan	Production and sale of concrete	–	100	Establishment
Huaxin Concrete Co., LTD	Wuhan	13,500	Wuhan	Investment	100	–	Establishment
Huaxin Concrete Xiangyang Fancheng District Co., LTD	Xiangyang	2,550	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin Building Materials Xiangyang Xiangcheng District Co., LTD	Xiangyang	1,410	Xiangyang	Production and sale of concrete	–	100	Establishment
Nanchong Huaxin New Building Materials Co., LTD	Nanchong	1,000	Nanchong	Manufacture and sale of building materials	–	100	Establishment
Changshu Huaxin Shunfeng Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Establishment
Huaxin Logistics (Changyang) Co., LTD	Changyang	500	Changyang	Logistics services	–	100	Establishment
Abra Holdings Ltd	Mauritius	USD 4,000	Mauritius	Investment	–	100	Establishment
Shanghai Huaxin Runshen Concrete Co., LTD	Shanghai	3,000	Shanghai	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Ezhou Gedian Economic and Technological Development) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Establishment
Huaxin Wuhan Building Materials Trading Co., LTD	Wuhan	1,000	Wuhan	Manufacture and sale of building materials	–	100	Establishment
Chenzhou Huaxin New Building Materials Co., LTD	Chenzhou	300	Chenzhou	Manufacture and sale of building materials	–	100	Establishment
Quxian Huaxin New Building Material Co., LTD	Quxian	500	Quxian	Manufacture and sale of building materials	–	100	Establishment
Taizhou Huaxin Tianhou Concrete Co., LTD	Taizhou	3,000	Taizhou	Production and sale of concrete	–	100	Establishment
Huaxin Aggregate Co., LTD	Wuhan	20,000	Wuhan	Investment	100	–	Establishment
Huaxin New Building Materials Co., LTD	Wuhan	11,704	Wuhan	Manufacture and sale of new materials	100	–	Establishment
Huaxin Environmental Engineering (Zhuzhou) Co., LTD	Zhuzhou	2,400	Zhuzhou	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Xinyang) Co., LTD	Xinyang	5,000	Xinyang	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Equipment Engineering Co., LTD	Huangshi	19,000	Huangshi	Manufacture and repair of electromechanical equipment	100	–	Establishment
Huaxin Environmental Engineering Fengjie County Co., LTD	Fengjie	2,000	Fengjie	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin (Hong Kong) International Holdings Ltd	Hong Kong	HKD19,643 USD 40,641	Hong Kong	Investment	100	–	Establishment
Huaxin Environmental Engineering Nanzhang Co., LTD	Nanzhang	1,500	Nanzhang	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Zhuhai) Co., LTD	Zhuhai	6,000	Zhuhai	Environmental design,construction and waste disposal	–	80	Establishment
Huaxin Concrete (Zhuzhou) Co., LTD	Zhuzhou	2,500	Zhuzhou	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Fangxian) Co., LTD	Fangxian	1,000	Fangxian	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Concrete (Enshi) Co., LTD	Enshi	1,200	Enshi	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Ezhou) Co., LTD	Ezhou	2,000	Ezhou	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yingcheng) Co., LTD	Yingcheng	2,500	Yingcheng	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Concrete (Ezhou) Co., LTD	Ezhou	2,500	Ezhou	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Jianli) Co., LTD	Jianli	2,500	Jianli	Production and sale of concrete	–	100	Establishment
Enping Huaxin Environmental Engineering Co., LTD	Enping	500	Enping	Environmental design,construction and waste disposal	–	80	Establishment
Huaxin Concrete (Yichang) Co., LTD	Yichang	2,500	Yichang	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Daoxian) Co., LTD	Daoxian	2,500	Daoxian	Manufacture and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Zigui) Co., LTD	Zigui	2,100	Zigui	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Youxian) Co., LTD	Youxian	2,900	Youxian	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Hong Kong (Cambodia) Investment Co., LTD	Hong Kong	HKD1	Hong Kong	Investment	–	100	Establishment
Xiangyang Huaxin Logistics Co., LTD	Xiangyang	100	Xiangyang	Loading and unloading, storage and other services	–	100	Establishment
Huaxin Hong Kong (Central Asia) Investment Co., LTD	Hong Kong	HKD1	Hong Kong	Investment	–	51	Establishment
Huaxin Environmental Engineering (Wanyuan) Co., LTD	Wanyuan	1,000	Wanyuan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Zhaotong) Co., LTD	Zhaotong	2,000	Zhaotong	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Daye) Co., LTD	Daye	60	Daye	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering Yunyang County Co., LTD	Yunyang	2,000	Yunyang	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Narayani Investment (Shanghai) Co., LTD	Shanghai	100	Shanghai	Investment	100	–	Establishment
Wuhan Longwangzui Huaxin Environmental Engineering Co., LTD	Wuhan	1,200	Wuhan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yidu City) Co., LTD	Yidu	3,000	Yidu	Environmental design,construction and waste disposal	–	100	Establishment
Wuhan South Prince Lake Huaxin Environmental Engineering Co., LTD	Wuhan	1,000	Wuhan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin (Zigui) Logistics Co., LTD	Zigui	500	Zigui	Loading and unloading,storage and other services	–	100	Establishment
Chongqing Fuling Huaxin Environmental Engineering Co., LTD	Chongqing	100	Chongqing	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin (Jianchuan) Environmental Engineering Co., LTD	Jianchuan	1,500	Jianchuan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin (Lijiang) Environmental Engineering Co., LTD	Lijiang	1,500	Lijiang	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Yichang) Co., LTD	Yichang	2,000	Yichang	Environmental design,construction and waste disposal	100	–	Establishment
Huaxin Environmental (Shiyan) Renewable Resources Utilization Co., LTD	Shiyan	2,000	Shiyan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin New Material (Changyang) Co., LTD	Changyang	39,300	Changyang	Production and sale of new materials	–	100	Establishment

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Huaxin Cement (Huangshi) Co., LTD	Huangshi	111,600	Huangshi	Manufacture and sale of building materials	80	14	Establishment
Huaxin New Building Materials (Fumin) Co., LTD	Fumin	3,000	Fumin	Production and sale of new materials	–	65	Establishment
Zhuzhou Huaxin Logistics Co., LTD	Zhuzhou	200	Zhuzhou	Loading and unloading, storage and other services	–	100	Establishment
Zhuzhou Huaxin Environmental Hazardous Waste Disposal Co., LTD	Zhuzhou	1,300	Zhuzhou	Environmental design,construction and waste disposal	–	80	Establishment
Huaxin (Nanzhang) Renewable Resources Utilization Co., LTD	Nanzhang	2,000	Nanzhang	Industrial Solid Waste,Hazardous	–	100	Establishment
Huaxin Environment (Yangxin) Renewable Resources Utilization Co., LTD	Yangxin	1,500	Yangxin	Environmental design,construction and waste disposal	–	100	Establishment
Wuhan Huaxin Changshankou Logistics Co., LTD	Wuhan	1,000	Wuhan	Loading and unloading, storage and other services	–	100	Establishment
Huaxin Concrete (Yangxin) New Material Co., LTD	Yangxin	2,500	Yangxin	Production and sale of concrete	–	100	Establishment
Huaxin Environmental Engineering (Badong) Co., LTD	Badong	2,000	Badong	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin New Building Materials Xiangyang Co., LTD	Xiangyang	3,000	Xiangyang	Manufacture and sale of new materials	–	100	Establishment
Huaxin Aggregate (Zhuzhou) Co., LTD	Zhuzhou	10,000	Zhuzhou	Manufacture and sale of new materials	–	70	Establishment
Huaxin (Huangshi) Logistics Co., LTD	Huangshi	2,000	Huangshi	Loading and unloading, storage and other services	100	–	Establishment
Huaxin (Lijiang) Environmental Protection New Material Co., LTD	Lijiang	6,000	Lijiang	Manufacture and sale of new materials	–	70	Establishment
Shannan Huaxin Environmental Engineering Co., LTD	Shannan	3,000	Shannan	Environmental design,construction and waste disposal	–	79	Establishment
Wuhan Changshankou Huaxin Environmental Engineering Co., LTD	Wuhan	10,000	Wuhan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Hong Kong (Tanzania) Investment Co., LTD	Hong Kong	USD 4,950	Hong Kong	Investment	–	100	Establishment
Hubei Huaxin Environmental Logistics Co., LTD	Huangshi	1,000	Huangshi	Loading and unloading, warehousing,transportation, etc.	–	100	Establishment
Huaxin Jiaotou (Chibi) New Building Materials Co., LTD	Chibi	10,000	Chibi	Manufacture and sale of new materials	–	51	Establishment
Huaxin Environmental Engineering (Yunnan) Co., LTD	Kunming	3,000	Kunming	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Chaokolong New Building Material Technology (Huangshi) Co., LTD	Huangshi	5,000	Huangshi	Manufacture and sale of new materials	–	100	Establishment
HX International (Tanzania) Limited.	Tanzania	TZS 1,000	Tanzania	Investment	–	100	Establishment
Huaxin Commercial Concrete Xianning Co., LTD	Xianning	2,500	Xianning	Production and sale of concrete	–	100	Establishment
Huaxin Cement (Songming) Co., LTD	Kunming	30,000	Kunming	Manufacture and sale of building materials	–	100	Establishment
Huaxin Environmental Engineering (Changyang) Co., LTD	Changyang	3,000	Changyang	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin (Changyang) Renewable Resources Utilization Co., LTD	Changyang	3,000	Changyang	Environmental design,construction and waste disposal	–	100	Establishment
Huangshi Huaxin Green Building Material Industry Co., LTD	Huangshi	430,000	Huangshi	Production and sale of construction aggregates	58	–	Establishment
Huaxin Concrete (Huanggang) Co., LTD	Huanggang	2,500	Huanggang	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Macheng) Co., LTD	Macheng	2,500	Macheng	Production and sale of concrete	–	100	Establishment
Chongqing Huaxin Renewable Resources Utilization Co., LTD	Chongqing	4,000	Chongqing	Industrial Solid Waste	–	100	Establishment
Huaxin Environmental Engineering (Hefeng) Co., LTD	Hefeng	1,000	Hefeng	Environmental design,construction and waste disposal	–	51	Establishment
Huaxin New Building Materials (Luonan) Co., LTD	Luonan	5,000	Luonan	Manufacture and sale of new materials	–	55	Establishment
Changzhou Huaxin Concrete Co., LTD	Changzhou	21,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin New Building Materials (Kunming) Co., LTD	Kunming	5,000	Kunming	Manufacture and sale of new materials	–	100	Establishment
Huaxin (Hainan) Investment Co., LTD	Haikou	USD 66,000	Haikou	Investment	50	50	Establishment
Yangxin Fuhua Handling Co., LTD	Yangxin	30,000	Yangxin	Loading and unloading, warehousing and other services	–	58	Establishment
Huaxin Concrete (Shishou) Co., LTD	Shishou	2,500	Shishou	Production and sale of concrete	–	100	Establishment
Huaxin Concrete Suizhou Co., LTD	Suizhou	2,500	Suizhou	Production and sale of concrete	–	100	Establishment
Huaxin Gangcheng Building Materials (Huangshi) Co., LTD	Huangshi	20,000	Huangshi	Production and sale of construction aggregates	–	51	Establishment
Huaxin Property Management Huangshi Co., LTD	Huangshi	300	Huangshi	Property management services	100	–	Establishment
Huaxin Environmental Engineering (Guangdong) Co., LTD	Guangzhou	1,000	Guangzhou	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Phosphogypsum (Wuxue) Co., LTD	Wuxue	2,000	Wuxue	Manufacture and sale of new materials	–	100	Establishment
Huaxin Chunjin Building Materials (Wuxue) Co., LTD (Note 1)	Wuxue	5,000	Wuxue	Manufacture and sale of building materials	–	32	Establishment
Huaxin New Building Materials (Wuxue) Co., LTD	Wuxue	3,000	Wuxue	Manufacture and sale of new materials	–	100	Establishment
Huaxin New Material (Yidu) Co., LTD	Yidu	2,500	Yidu	Manufacture and sale of new materials	–	100	Establishment
Huaxin Fine Calcium (Xiangyang) Co., LTD	Xiangyang	2,700	Xiangyang	Manufacture and sale of building materials	–	100	Establishment
Hainan Baihuitong Supply Chain Technology Co., LTD	Haikou	10,000	Haikou	Logistics services	–	100	Establishment
Fumin Park New Building Materials Co., LTD	Fumin	10,000	Fumin	Manufacture and sale of new materials	–	70	Establishment
Huaxin Concrete (zigui) Co., LTD	zigui	2,500	zigui	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Qianjiang) Co., LTD	Qianjiang	2,500	Qianjiang	Production and sale of concrete	–	100	Establishment
Nanjing Huaxin Concrete Co., LTD	Nanjing	5,000	Nanjing	Production and sale of concrete	–	100	Establishment
Huaxin New Materials Concrete Xiangyang Co., LTD	Xiangyang	2,500	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin Zhongnan (Wuhan) Environmental Technology Co., LTD	Wuhan	500	Wuhan	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Environmental Engineering (Chongqing) Co., LTD	Chongqing	4,100	Chongqing	Environmental design,construction and waste disposal	–	100	Establishment
Jingjiang Huaxin Concrete Co., LTD	Jingjiang	2,500	Jingjiang	Production and sale of concrete	–	100	Establishment
Huaxin Fortress New Building Materials (Daye) Co., LTD	Daye	3,000	Daye	Manufacture and sale of new materials	–	100	Establishment
Huaxin Concrete (Yangxin) Co., LTD	Yangxin	2,500	Yangxin	Production and sale of concrete	–	100	Establishment

X. INTERESTS IN OTHER ENTITIES — *continued*

1. Interests in subsidiaries — *continued*

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Huaxin Concrete (Daye) Co., LTD	Daye	2,500	Daye	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tongchuang Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Tianmen) Co., LTD	Tianmen	2,500	Tianmen	Production and sale of concrete	–	100	Establishment
Huaxin New Material (Zigui) Co., LTD	Zigui	10,000	Zigui	Manufacture and sale of new materials	–	100	Establishment
Zhenjiang Huaxin Jingfa Concrete Co., LTD	Zhenjiang	3,000	Zhenjiang	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tong He Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Changzhou Huaxin Tong Li Concrete Co., LTD	Changzhou	3,000	Changzhou	Production and sale of concrete	–	100	Establishment
Huaxin Green Building Materials (Wuxue) Co., LTD	Wuxue	50,000	Wuxue	Manufacture and sale of building materials	–	59	Establishment
Huaxin Environmental Engineering (Hunan) Co., LTD	Changsha	1,000	Changsha	Environmental design,construction and waste disposal	–	100	Establishment
Huaxin Concrete Xiangyang Xiangcheng District Co., LTD	Xiangyang	2,500	Xiangyang	Production and sale of concrete	–	100	Establishment
Huaxin New Building Materials (Huangshi) Co., LTD	Huangshi	5,000	Huangshi	Manufacture and sale of new materials	100	–	Establishment
Huaxin New Building Materials (Honghe) Co., LTD	Honghe	2,500	Honghe	Manufacture and sale of new materials	–	100	Establishment
Nantong Huaxin Chunfa Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Taicang Huaxin Xinyang Concrete Co., LTD	Taicang	2,500	Taicang	Production and sale of concrete	–	100	Establishment
Nantong Taisheng Huaxin Concrete Co., LTD	Nantong	3,000	Nantong	Production and sale of concrete	–	100	Establishment
Huaxin Concrete (Hanchuan) Co., LTD	Hanchuan	2,500	Hanchuan	Production and sale of concrete	–	100	Establishment
Huaxin Gayur Cement LLC (Note 2)	Tajikistan	TJS 9,549	Tajikistan	Manufacture and sale of building materials	–	38	Establishment
Huaxin Gayur (Sogd) Cement LLC (Note 3)	Tajikistan	TJS 22,304	Tajikistan	Manufacture and sale of building materials	–	36	Establishment
Huaxin Cement Narayani Co., LTD	Nepali	USD 2,800	Nepali	Manufacture and sale of building materials	–	100	Establishment
Cambodian Packaging Chakrey Ting Co., LTD	Cambodian	USD 510	Cambodian	Manufacture and sale of cement bags	–	68	Establishment
Huaxin Cement Jizzakh LLC	Uzbekistan	USD 3,000	Uzbekistan	Manufacture and sale of building materials	–	100	Establishment
Huaxin Cambodia Trading Co., LTD	Cambodian	USD 60	Cambodian	Import and export trade of cement	–	100	Establishment
Huaxin Gayur New Building Materials Co., LTD (Note 3)	Tajikistan	TJS 2,800	Tajikistan	Manufacture and sale of new materials	–	33	Establishment
Jiangsu Huaxin Supply Chain Co., LTD	Changzhou	1,000	Changzhou	Logistics services	–	100	Establishment
Xinyang Xinxin green Building Material Co., LTD	Xinyang	10,000	Xinyang	Production and sale of construction aggregates	–	51	Establishment
Huaxin Solid Waste Disposal (Changyang) Co., LTD	Changyan	1,600	Changyan	Production and sale of construction aggregates	–	100	Establishment
Huaxin Cement International Finance Company Limited	Hong Kong	USD1	Hong Kong	Investment	–	100	Establishment
Cambodia Concrete Chakrey Ting Co., LTD.	Cambodia	USD 60	Cambodia	Production and sale of concrete	–	68	Establishment
Hua Tech Engineering Limited	Zambia	ZMW 2	Zambia	Manufacture and repair of Electromechanical equipment	–	100	Establishment
Huaxin Zimbabwe Industries (Private) Limited	Zimbabwe	USD 200	Zimbabwe	Manufacture and sale of building materials	–	100	Establishment
Yellow Stone Engineering Construction SPC	Oman	OMR 25	Oman	Manufacture and repair of Electromechanical equipment	–	100	Establishment
Giant Stone Engineering Construction Pty LTD.	South Africa	ZAR 718	South Africa	Manufacture and repair of Electromechanical equipment	–	100	Establishment
Changshu Huaxin Changling Concrete Co., LTD	Changshu	3,000	Changshu	Production and sale of concrete	–	100	Establishment
Zhenjiang Huaxin Mingxing Concrete Co., LTD	Zhenjiang	3,000	Zhenjiang	Production and sale of concrete	–	100	Establishment
Huaxin Xijiesi Building Material Technology (Huangshi) Co., LTD	Huangshi	2,800	Huangshi	Manufacture and sale of building materials	–	70	Establishment
Hainan Huaxin Pan Africa Investment Co., Ltd.	Haikou	201,600	Haikou	Investment	–	100	Establishment
Suzhou Industrial Park Huaxin Concrete Co., Ltd.	Suzhou	2,500	Suzhou	Production and sale of concrete	–	100	Establishment
Changyang Xinzhida Logistics Co., Ltd.	Yichang	2,000	Yichang	Logistics services	–	100	Establishment
Huaxin New Building Materials (Dawu) Co., LTD.	Dawu	2,000	Dawu	Manufacture and sale of building materials	–	51	Establishment
Chenzhou Huaxin Renewable Resource Utilization Co., LTD.	Chenzhou	1,500	Chenzhou	Environmental design, construction and waste disposal	–	75	Establishment
Yangxin County Fuhua Agricultural Technology Co., Ltd.	Yangxin	500	Yangxin	Production and sale of agricultural products	–	58	Establishment
Jiaxing Xinfujiang Concrete Co., Ltd.	Jiaxing	3,000	Jiaxing	Production and sale of concrete	–	100	Mergers and acquisitions
Hefei Huaxin Guofeng Concrete Co., Ltd.	Hefei	2,500	Hefei	Production and sale of concrete	–	100	Establishment
Liling Shichang Tongfa Building Materials Co., Ltd.	Zhuzhou	2,500	Zhuzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Green Building Materials (Huangshi Xisaishan) Co., Ltd.	Huangshi	2,500	Huangshi	Manufacture and sale of building materials	–	100	Establishment
Qichun Zhongsheng Building Materials Trading Co., Ltd.	Huanggang	2,600	Huanggang	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Supply Chain (Wuhan) Co., LTD.	Wuhan	1,000	Wuhan	Logistics services	–	100	Establishment
Huaxin Cement (Hefeng) National Building Materials Co., LTD	Hefeng	4,764	Hefeng	Manufacture and sale of building materials	51	–	Mergers and acquisitions
Huaxin Hongta Cement (Jinghong) Co., LTD	Jinghong	17,961	Jinghong	Manufacture and sale of building materials	51	–	Mergers and acquisitions
Huaxin Cement (Changyang) Co., LTD	Changyang	24,900	Changyang	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Huaxin Cement (Jingzhou) Co., LTD	Jingzhou	8,080	Jingzhou	Manufacture and sale of building materials	88	12	Mergers and acquisitions
Huaxin Cement (Fangxian) Co., LTD	Fangxian	8,000	Fangxian	Manufacture and sale of building materials	70	–	Mergers and acquisitions
Huaxin Cement (Danjiangkou) Co., LTD	Danjiangkou	2,450	Danjiangkou	Manufacture and sale of building materials	–	70	Mergers and acquisitions
Huaxin Cement (Diqing) Co., LTD	Diqing	9,500	Diqing	Manufacture and sale of building materials	69	–	Mergers and acquisitions
Huaxin Jinlong Cement (Yunxian) Co., LTD	Yunxian	8,000	Yunxian	Manufacture and sale of building materials	80	–	Mergers and acquisitions
Huaxin Cement Suizhou Co., LTD	Suizhou	4,100	Suizhou	Manufacture and sale of building materials	60	–	Mergers and acquisitions
Huaxin Concrete Jingmen Co., LTD	Jingmen	2,500	Jingmen	Production and sale of concrete	–	100	Mergers and acquisitions
Hainan Huaxin Dacheng Concrete Co., LTD	Haikou	3,000	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Hainan Huaxin Fuli Concrete Co., LTD	Haikou	2,800	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Nanjing Huaxin Pingda Building Material Technology Co., LTD	Nanjing	3,000	Nanjing	Production and sale of concrete	–	100	Mergers and acquisitions
Huanggang Jiamei New Material Technology Co., LTD	Huanggang	2,500	Huanggang	Production and sale of concrete	–	100	Mergers and acquisitions
Yangzhou Huaxin Jiangyang Concrete Co., LTD	Yangzhou	3,000	Yangzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Tianbang Concrete (Wuhan Hanyang) Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	100	Mergers and acquisitions
Xishui County Concrete Sheng Building Material Co., LTD	Xishui	2,500	Xishui	Manufacture and sale of building materials	–	100	Mergers and acquisitions

X. INTERESTS IN OTHER ENTITIES – *continued*

1. Interests in subsidiaries – *continued*

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Suzhou Liangxing Concrete Co., LTD	Suzhou	3,000	Suzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Concrete Xianning Co., LTD	Xianning	4,200	Xianning	Production and sale of concrete	–	100	Mergers and acquisitions
Zaoyang Huaxin Concrete Co., LTD	Zaoyang	2,500	Zaoyang	Production and sale of concrete	–	87	Mergers and acquisitions
Huaxin Concrete (Daye) Co., LTD	Daye	32,700	Daye	Manufacture and sale of building materials	70	–	Mergers and acquisitions
Huaxin Cement (Ezhou) Co., LTD	Ezhou	5,000	Ezhou	Manufacture and sale of building materials	70	–	Mergers and acquisitions
Hubei Zhushen Building Materials Co., LTD	Wuhan	2,500	Wuhan	Production and sale of concrete	–	87	Mergers and acquisitions
Huaxin Concrete (Chongyang) Co., LTD	Xianning	2,588	Xianning	Production and sale of concrete	–	51	Mergers and acquisitions
Success Eagle Cement (Hong Kong) Limited	Hong Kong	HKD1	Hong Kong	Investment	–	65	Mergers and acquisitions
Huaxin Cement (Enping) Co., LTD	Enping	HKD 28,000	Enping	Manufacture and sale of building materials	–	65	Mergers and acquisitions
Huaxin Concrete Xiangyang Co., LTD	Xiangyang	19,500	Xiangyang	Production and sale of concrete	–	87	Mergers and acquisitions
Huaxin Environmental Engineering (Shiyan) Co., LTD	Shiyan	5,000	Shiyan	Environmental design,construction and waste disposal	–	100	Mergers and acquisitions
Huaxin Cement (Fumin) Co., LTD	Fumin	39,000	Fumin	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yunnan Huaxin Dongjun Cement Co., LTD	Kunming	26,000	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Lijiang) Co., LTD	Lijiang	10,000	Lijiang	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Honghe) Co., LTD	Honghe	50,000	Honghe	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Chuxiong) Co., LTD	Chuxiong	3,260	Chuxiong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Jianchuan) Co., LTD	Jianchuan	27,000	Jianchuan	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Yunlong) Co., LTD	Yunlong	30,000	Yunlong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huaxin Cement (Lincang) Co., LTD	Lincang	36,090	Lincang	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Kunming Chongde Cement Co., LTD	Kunming	38,200	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yunnan Huaxin Building Materials Investment Co., LTD	Kunming	305,883	Kunming	Investment	100	–	Mergers and acquisitions
Kunming Huaxin Logistics Co., LTD	Kunming	1,000	Kunming	Loading and unloading, warehousing and other services	–	100	Mergers and acquisitions
Yunnan State Capital Cement Kunming Co., LTD	Kunming	13,038	Kunming	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Chongqing Huaxin Yanjing Cement Co., LTD	Chongqing	21,000	Chongqing	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Chongqing Huaxin Diwei Cement Co., LTD	Chongqing	45,268	Chongqing	Manufacture and sale of building materials	97	–	Mergers and acquisitions
Chongqing Huaxin Sentian Cement Co., LTD	Chongqing	27,000	Chongqing	Manufacture and sale of building materials	100	–	Mergers and acquisitions
Huaxin Guizhou Dingxiu Special Cement Co., LTD	Guizhou	23,107	Guizhou	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Guizhou Shuicheng Rui'an Cement Co., LTD	Guizhou	20,000	Guizhou	Manufacture and sale of building materials	–	70	Mergers and acquisitions
Chongqing Huaxin Logistics Co., LTD	Chongqing	50	Chongqing	Loading and unloading,warehousing and other services	–	98	Mergers and acquisitions
Chongqing Huaxin Phoenix Lake Concrete Co., LTD	Chongqing	5,107	Chongqing	Production and sale of concrete	100	–	Mergers and acquisitions
Chongqing Huaxin Tiancheng Concrete Co., LTD	Chongqing	3,250	Chongqing	Production and sale of concrete	100	–	Mergers and acquisitions
Yunwei Baoshan Organic Chemical Co., LTD	Baoshan	10,000	Baoshan	Manufacture and sale of building materials	–	80	Mergers and acquisitions
Hainan Xinhongda Building Materials Co., LTD	Haikou	1,500	Haikou	Manufacture and sale of new materials	–	100	Mergers and acquisitions
Yidu Honghua Xintong Logistics Co., LTD	Yidu	4,500	Yidu	Loading and unloading, warehousing and other services	–	100	Mergers and acquisitions
Huaxin Concrete (Huangmei) Co., LTD	Huangmei	2,600	Huangmei	Production and sale of concrete	–	100	Mergers and acquisitions
Hainan Huaxin Ronghui Concrete Co., LTD	Haikou	3,000	Haikou	Production and sale of concrete	–	70	Mergers and acquisitions
Nantong Tongchang Building Material Co., LTD	Nantong	3,000	Nantong	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Yueyang County Yonggu Concrete Co., LTD	Yueyang	3,350	Yueyang	Production and sale of concrete	–	100	Mergers and acquisitions
Yangzhou Huaxin Dingli Concrete Co., LTD	Yangzhou	2,500	Yangzhou	Production and sale of concrete	–	100	Mergers and acquisitions
Oman Cement Company SAOG	Oman	OMR 3,309	Oman	Manufacture and sale of building materials	–	65	Mergers and acquisitions
Cambodian Cement Chakrey Ting Factory Co., LTD	Cambodia	USD 6,000	Cambodia	Manufacture and sale of building materials	–	68	Mergers and acquisitions
Yuzhno-Kyrgyzskyi Cement CJSC	Kyrgyzstan	KGS 52,832	Kyrgyzstan	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Power Assets LLL	Kyrgyzstan	KGS 0.1	Kyrgyzstan	Land and Building Rental Services	–	100	Mergers and acquisitions
Maweni limestone limited	Tanzania	TZS 30,700,000	Tanzania	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Chilanga Cement PLC	Zambia	ZMK 1,000	Zambia	Manufacture and sale of building materials	–	75	Mergers and acquisitions
Portland Cement (Malawi) Limited	Malawi	MWK 15,787	Malawi	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Natal Portland Cement Company (Pty) Ltd.	South Africa	ZAR 12,317	South Africa	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Sommerset Investments Limited	Mauritius	USD 17,741	Mauritius	Investment	100	–	Mergers and acquisitions
Panzhihua Huaxin New Materials Co., LTD	Panzhihua	1,000	Panzhihua	Manufacture and sale of building materials	–	100	Mergers and acquisitions
InterCement South Africa Proprietary Limited	South Africa	–	South Africa	Manufacture and sale of building materials	–	100	Mergers and acquisitions
NPC Intercement (RF) Proprietary Limited	South Africa	ZAR 50,913	South Africa	Manufacture and sale of building materials	–	74	Mergers and acquisitions
NPC Concrete Proprietary Limited	South Africa	ZAR 0.01	South Africa	Manufacture and sale of building materials	–	74	Mergers and acquisitions
South Coast Stone Crushers Proprietary Limited	South Africa	ZAR 0.01	South Africa	Manufacture and sale of building materials	–	55	Mergers and acquisitions
Sterkspruit Aggregates Proprietary Limited	South Africa	ZAR 0.01	South Africa	Manufacture and sale of building materials	–	55	Mergers and acquisitions
Cimentos de Mozambique,S.A.	Mozambique	MZN 628,536	Mozambique	Manufacture and sale of building materials	–	96	Mergers and acquisitions
Hunan Junfu Building Materials Co., LTD	Changsha	2,500	Changsha	Production and sale of concrete	–	100	Mergers and acquisitions
Huaxin Commercial Concrete (Ezhou Huarong) Co., LTD	Ezhou	2,500	Ezhou	Production and sale of concrete	–	100	Mergers and acquisitions

X. INTERESTS IN OTHER ENTITIES — *continued*

1. Interests in subsidiaries — *continued*

Interests in subsidiaries	Place of business	Registered capita RMB0'000	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Acquired method
Yangxin Tainao Yicheng Building Material Co., LTD	Yangxin	2,600	Yangxin	Manufacture and sale of building materials	–	100	Mergers and acquisitions
Huangshi Huaxin Guanggu East New Building Material Co., LTD	Huangshi	15,000	Huangshi	Production and sale of construction aggregates	–	100	Mergers and acquisitions
Huaxin Xijiesi Building Material Technology (Huangshi) Co., LTD	Changsha	1,200	Changsha	Manufacture and sale of new materials	–	70	Mergers and acquisitions
Suzhou Huaxin Kanghong Concrete Co., LTD	Suzhou	2,500	Suzhou	Production and sale of concrete	–	100	Mergers and acquisitions
NETNIX LTD Cyprus Investment Entity	Cyprus	EUR 1	Cyprus	Investment	–	100	Mergers and acquisitions
Xianning Huaxin Tuoxin Concrete Co., LTD	Xianning	2,500	Xianning	Production and sale of concrete	–	100	Mergers and acquisitions
Jiangyin Xinding Concrete Co., Ltd.	Jiangyin	3,000	Jiangyin	Production and sale of concrete	–	100	Mergers and acquisitions
Tibet Huaxin New Aggregate Co., LTD	Tibet	5,000	Tibet	Production and sale of construction aggregates	–	51	Mergers and acquisitions
Baoshan Fenghui Concrete Co., LTD	Baoshan	2,500	Baoshan	Production and sale of concrete	–	80	Mergers and acquisitions
Davis Peak Holdings Limited	Hong Kong	EUR 0.0001	Hong Kong	Investment	–	100	Mergers and acquisitions
Caricement B.V.	Netherlands	EUR 2	Netherlands	Investment	–	100	Mergers and acquisitions
HBM NIGERIA PLC	Nigeria	NGN 805,400	Nigeria	Production and sale of cement	–	84	Mergers and acquisitions
Hainan Huaxin Zhengchuan Concrete Co., LTD	Haikou	3,000	Haikou	Production and sale of concrete	–	51	Mergers and acquisitions
EMBUS.A.ENGENHARIAECOMÉRCIO	Brazil	BRL 14,150	Brazil	Production and sale of construction aggregates	–	100	Mergers and acquisitions
ITATUBA PARTICIPAÇÕES LTDA	Brazil	BRL 7,483	Brazil	Investment	–	100	Mergers and acquisitions
Ashaka Cement Limited	Nigeria	NGN 110,000	Nigeria	Production and sale of cement	–	84	Mergers and acquisitions
Wapsilla Nigeria Limited	Nigeria	NGN 1,000	Nigeria	Power Generation and Electricity Sales	–	84	Mergers and acquisitions

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.

X. INTERESTS IN OTHER ENTITIES — *continued*

1. Interests in subsidiaries — *continued*

Significant non-wholly subsidiaries

Unit: RMB

Subsidiaries	Percentage of non-controlling shareholding (%)	Profit or loss attributable to non-controlling shareholders	Dividend Payment to non-controlling shareholders in the current period	**Closing balance of minority interests**
HBM NIGERIA PLC	16.19%	841,688,002	77,295,042	**1,469,989,938**

Main financial information of the above significant subsidiaries with minority interests

Unit: million Currency: RMB

Subsidiaries	**Closing balance**						Opening balance					
	Current assets	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HBM NIGERIA PLC	**2,741**	**5,060**	**7,801**	**1,889**	**999**	**2,888**	2,691	4,636	7,327	2,013	984	2,997

Unit: RMB

Subsidiaries	**Amount for the current period**				Amount for the prior period			
	Operating income	**Net profit**	**Total comprehensive income**	**Cash flows from operating activities**	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
HBM NIGERIA PLC	**3,371**	**1,004**	**1,004**	**1,058**	–	–	–	–

X. INTERESTS IN OTHER ENTITIES — *continued*

2. Interests in associates

Unit: RMB

Name	Place of business	Place of registration	Nature of business	Percentage of shareholding (%) Direct	Indirect	Accounting treatment
Tibet High-Tech Building Materials Group Co., Ltd	Tibet	Tibet	Manufacture and sale of building materials	43	—	Equity method
Shanghai Wanan Huaxin Cement Co., Ltd	Shanghai	Shanghai	Manufacture and sale of building materials	49	—	Equity method
Zhangjiajie Tianzi Concrete Co., Ltd	Sangzhi	Sangzhi	Production and sale of concrete	30	—	Equity method
Xinyang Xinxin Mining Co., Ltd	Xinyang	Xinyang	Wholesale of non-metallic minerals and products	30	—	Equity method
Mondi Oman LLC	Oman	Oman	Manufacture of industrial paper bags	30	—	Equity method
Hubei Zhongyun Zhiwei Industrial Innovation and Development Co., Ltd.	Wuhan	Wuhan	Technology R&D and consulting	5	—	Equity method

The following table presents the summarised financial information for joint ventures and associates that are individually immaterial to the Group:

Unit: RMB

	Closing balance/ Amount for the current period	Opening balance/ Amount for the prior period
Joint ventures:		
Total carrying value of investments	**—**	—
Total of the following by percentage of shareholding		
— Net profit	**—**	—
— Total comprehensive income	**—**	—
Associates:		
Total carrying value of investments	**590,960,513**	588,300,772
Total of the following by percentage of shareholding		
— Net profit	**986,445**	2,816,502
— Total comprehensive income	**986,445**	2,816,502

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial instrument risk

The Group is exposed to risks in various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk.

The Board is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and related guidelines, and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks to which the Group is exposed, which clearly define specific risks, covering many aspects such as market risk, credit risk, and liquidity risk. The Group regularly assesses changes in the market environment and the Group's business activities to decide whether to update its 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. The Risk Management Committee identifies, evaluates and mitigates risks in close cooperation with other business units of the Group. The Group's internal audit department conducts regular audits of risk management controls and procedures, and reports the results to the Group's audit committee.

The Group diversifies the risk of financial instruments through appropriate diversification of investment and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating corresponding risk management policies.

Credit risk

The Group only deals with accredited, reputable third parties. In accordance with the Group's policy, all customers who require credit transactions are subject to credit review. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant bad debt risks. For transactions that are not settled in the accounting standard currency of the relevant business unit, the Group does not provide credit transaction conditions unless specifically approved by the Group's credit control department.

Monetary funds, bank acceptance receivables, and derivative financial instruments have low credit risk due to the fact that the counterparties are banks with good reputations and high credit ratings.

The Group's other financial assets include accounts receivable, other receivables, long-term receivables and debt investments, the credit risk of which is derived from counterparty defaults, and the maximum exposure is equal to the book value of these instruments.

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

1. Financial instrument risk — *continued*

Credit risk — continued

The maximum credit exposure to the Group on each balance sheet date is the total amount charged to customers less impairment provisions.

As the Group only deals with accredited, reputable third parties, the risk is manageable. Credit risk is centrally managed across customer, counterparty, geographic region and industry. Given the wide dispersion of the Group's customer portfolio across departments and industries, credit risk shows no significant concentration. The Group holds collateral and other credit enhancements for some of the accounts receivable balances according to the credit status of customers.

At each balance sheet date, the Group assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. The Group's main criteria for judging a significant increase in credit risk are: 1.Overdue days exceeding 30 days; 2.The operating environment of the debtor; 3. Internal and external credit ratings; 4.Significant adverse changes in actual or expected operating results, etc.

Definition of Credit-Impaired Assets

The Group primarily considers a financial asset to be credit-impaired when it is more than 180 days past due. However, credit impairment may also be recognized earlier if internal assessments or external indicators provide objective evidence that the contractual amounts may not be fully recoverable, even after accounting for any available credit enhancements.

Credit impairment of financial assets may be caused by a combination of events and may not be caused by isolated events.

Liquidity risk

The Group aims to use a variety of financing instruments to maintain a balance between sustainability and flexibility in financing. The Group finances its operations with funds generated through operations and borrowings.

The Group's liquidity mainly relies on sufficient operating cash inflows to meet maturing debt commitments and on external financing to meet future committed capital expenditures.

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

1. Financial instrument risk — *continued*

Liquidity risk — continued

The following table summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

June 30, 2026

Unit: Yuan Currency: RMB

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	total
Short-term borrowing	**609,838,390**	**–**	**–**	**–**	**609,838,390**
Notes payable	**521,476,685**	**–**	**–**	**–**	**521,476,685**
Accounts payable	**8,129,925,122**	**–**	**–**	**–**	**8,129,925,122**
Other payables	**1,406,233,593**	**–**	**–**	**–**	**1,406,233,593**
Long-term borrowing	**3,846,916,580**	**4,843,410,183**	**7,654,651,663**	**1,584,575,499**	**17,929,553,925**
Payable bonds	**933,806,298**	**510,516,895**	**4,963,878,324**	**–**	**6,408,201,517**
Long-term payable	**522,493,750**	**819,613,321**	**291,779,582**	**611,543**	**1,634,498,196**
Lease liabilities	**254,827,249**	**252,874,050**	**461,206,527**	**233,985,499**	**1,202,893,325**
Total	**16,225,517,667**	**6,426,414,449**	**13,371,516,096**	**1,819,172,541**	**37,842,620,753**

December 31, 2025

Unit: Yuan Currency: RMB

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	total
Short-term borrowing	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 borrowing	4,012,681,409	4,210,414,465	8,831,055,510	1,936,946,270	18,991,097,654
Payable bonds	938,962,073	514,288,844	4,880,318,778	–	6,333,569,695
Long-term payable	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	16,549,504,344	5,787,000,215	14,680,857,240	2,147,415,863	39,164,777,662

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

1. Financial instrument risk — *continued*

Market risk

Interest rate risk

The risk exposure to changes in market interest rates is mainly related to the Group's floating-rate long-term liabilities. The Group manages interest rate risk by closely monitoring interest rate fluctuations, regularly reviewing borrowing structures, and flexible use of financial derivatives such as interest rate swaps.

As of the end of June 2026, the Group's interest-bearing floating-rate RMB borrowings were RMB15,913,979,523; long-term floating-rate US dollar borrowings were equivalent to RMB94,457,579.

The following table provides a sensitivity analysis of the interest rate risk associated with long-term RMB borrowings, reflecting the impact on net profit or loss via floating rate borrowing, as well as the net after-tax other comprehensive income, ceteris paribus.

June 30, 2026

Unit: Yuan Currency: RMB

	Basis Point Increase/ (Decrease)	**Net Profit and Loss Increase/ (Decrease)**	**Net after-tax of other comprehensive income Increase/ (decrease)**	**Total Increase/ (Decrease) in Shareholders' Equity**
RMB	**100**	**−119,354,846**	**—**	**−119,354,846**
RMB	**−100**	**119,354,846**	**—**	**119,354,846**

December 31, 2025

Unit: Yuan Currency: RMB

	Basis Point Increase/ (Decrease)	Net Profit and Loss Increase/ (Decrease)	Net after-tax of other comprehensive income Increase/ (decrease)	Total Increase/ (Decrease) in Shareholders' Equity
RMB	100	−161,313,183	—	−161,313,183
RMB	−100	161,313,183	—	161,313,183

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

1. Financial instrument risk — *continued*

Exchange rate risk

The Group is exposed to transactional exchange rate risk. Such risks result from sales or purchases made by the business unit in a currency other than its accounting standard currency.

In addition, the Group has exchange rate exposure arising from foreign currency borrowings.

The following table provides a sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and likely changes in the following foreign exchange rates on net profit or loss and net comprehensive income after tax, assuming all other variables remain constant.

June 30, 2026

Unit: Yuan Currency: RMB

	Basis Point Increase/ (Decrease)	Net Profit and Loss Increase/ (Decrease)	Net after-tax of other comprehensive income Increase/ (Decrease)	Total Increase/ (Decrease) in Shareholders' Equity
The South African rand depreciated against the RMB	5	−18,813,471	–	−18,813,471
The South African rand appreciated against the RMB	−5	18,813,471	–	18,813,471
The Mozambican metical depreciated against the RMB	5	−24,139,222	–	−24,139,222
The Mozambican metical appreciated against the RMB	−5	24,139,222	–	24,139,222
The RMB depreciated against the US dollar	5	58,963,810	–	58,963,810
The RMB appreciated against the US dollar	−5	−58,963,810	–	−58,963,810

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

1. Financial instrument risk — *continued*

Exchange rate risk — continued

December 31, 2025

Unit: Yuan Currency: RMB

	Basis Point Increase/ (Decrease)	Net Profit and Loss Increase/ (Decrease)	Net after-tax of other comprehensive income Increase/ (Decrease)	Total Increase/ (Decrease) in Shareholders' Equity
The Tanzanian shilling depreciated against the US dollar	5	−9,719,679		−9,719,679
The Tanzanian shilling appreciated against the US dollar	−5	9,719,679		9,719,679
The Nepalese rupee depreciated against the US dollar	5	−60,410,030		−60,410,030
The Nepalese rupee appreciated against the US dollar	−5	60,410,030		60,410,030
The RMB depreciated against the US dollar	5	14,600,087	211,930	14,812,017
The yuan appreciated against the US dollar	−5	−14,600,087	−211,930	−14,812,017

2. Capital management

The Group's primary objective of capital management is to ensure the Group's ability to continue operating and maintain a healthy capital ratio to support business development and maximise shareholder value.

The Group manages and adjusts its capital structure based on changes in the economic environment and the risk profiles of related assets. To maintain or optimize its capital structure, the Group may adjust shareholder profit distributions, return capital to shareholders, or issue new shares. Notably, the Group is not subject to external mandatory capital requirements. For the six months ended June 30, 2026, and the full year of 2025, there were no changes to the Group's capital management objectives, policies, or procedures.

XI. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS — *continued*

2. Capital management — *continued*

The Group monitors its capital through the asset-liability ratio, which is calculated by dividing total liabilities by total assets. The Group's asset-liability ratios as at the balance sheet date are as follows:

Unit: Yuan Currency: RMB

	Closing balance	Opening balance
Total liabilities	**43,171,352,306**	43,673,853,595
Total assets	**81,514,974,709**	81,073,095,481
Asset-liability ratio	**52.96%**	53.87%

3. Financial asset transfer

(1) Transfer method classification

Methods	Type	Amount	Termination of confirmation	The basis for judging the termination of confirmation
Bill endorsement/bill discounting	Notes receivable	96,914,394	No	Risks and rewards are almost entirely retained, including the risk of default
Bill endorsement/bill discounting	Receivables financing	1,805,282,501	Yes	Almost all the risk and reward are transferred
Factoring	Accounts receivable	101,361,779	Yes	Almost all the risk and reward are transferred
Total	/	2,003,558,674	/	/

(2) Terminated recognition due to transfer

Items	Transfer method	Amount	Gain & Loss
Receivables financing	Bill endorsement/ bill discounting	1,805,282,501	—
Accounts receivable	Factoring	101,361,779	—
Total	/	1,906,644,280	—

XII. FAIR VALUE DISCLOSURES

1. Assets and liabilities measured at fair value

Unit: RMB

Item	Closing fair value: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
I. Continuous fair value measurement				
(I) Held-for-trading financial assets	**233,671,045**	**—**	**—**	**233,671,045**
1. Financial assets at fair value through profit or loss	**—**	**—**	**—**	**—**
(1) Investment in debt instruments	**—**	**—**	**—**	**—**
(2) Investment in equity instruments	**233,671,045**	**—**	**—**	**233,671,045**
2. Financial assets designated as at fair value through profit or loss	**—**	**—**	**—**	**—**
(1) Equity Instrument Investments	**—**	**—**	**—**	**—**
(II) Other equity instrument investments	**—**	**—**	**1,167,204,518**	**1,167,204,518**
(III) Receivables financing	**—**	**584,772,997**	**—**	**584,772,997**
Total assets continuously measured at fair value	**233,671,045**	**584,772,997**	**1,167,204,518**	**1,985,648,561**
(IV) Bonds payable — preferred shares	**—**	**—**	**147,988,229**	**147,988,229**
Total liabilities continuously measured at fair value	**—**	**—**	**147,988,229**	**147,988,229**
II. Non-continuous fair value measurement	**—**	**—**	**—**	**—**
(I) Assets held for sale	**—**	**—**	**—**	**—**
Total assets not continuously measured at fair value	**—**	**—**	**—**	**—**
Total liabilities not continuously measured at fair value	**—**	**—**	**—**	**—**

2. Quoted prices in active markets (Level 1)

The fair values of listed equity investments are based on quoted market prices.

3. Level 2 fair value measurements

The Group determines the fair value of receivables financing using the discounted cash flow method, and the fair value approximates its carrying amount.

XII. FAIR VALUE DISCLOSURES — *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 analyzes changes in the value of financial instruments and identifies the key inputs applicable to valuation. Valuations must be reviewed and approved by the Chief Financial Officer (CFO). For the purpose of interim and annual financial statements, the valuation process and results are discussed with the Audit Committee twice a year.

The financial assets measured at fair value using Level 3 inputs by the Group include Equity Investments in Unlisted Companies (Project 1 and Project 2). For Equity Investment in Unlisted Company (Project 1), the Group adopts the comparable company method for valuation, with key parameters mainly including liquidity discount. Due to the small total balance of Project 1, changes in its parameters have a minimal impact on the Group. When measuring the fair value of Equity Investment in Unlisted Company (Project 2), the Group splits the investee company into significant assets or asset groups for fair value assessment, and the valuation methods adopted include the asset-based approach, market approach, and income approach. The Group is required to make estimates of the key parameters used in the assessment process.

Among them, the fair value of the investee company's mining rights and its held long-term equity investments has a significant impact on the Group. The valuation methods and key unobservable inputs used in the assessment process mainly include: 1) For the assessment of the investee company's mining rights, the discounted cash flow (DCF) method is adopted, with the main unobservable inputs being the weighted average cost of capital (WACC) and gross profit margin; 2) For the assessment of the long-term equity investments held by the investee company, the market capitalization method and comparable company method are adopted, with the main unobservable input being the liquidity discount.

The financial liabilities measured at fair value using Level 3 inputs by the Group include Bonds Payable — Preferred Shares. The Group uses the discounted cash flow method to assess Bonds Payable — Preferred Shares, with key parameters including bond discount rate and stock price volatility. Due to its small overall balance, changes in its parameters have a minimal impact on the Group.

5. Reconciliation of Beginning and Ending Carrying Amounts for Continuing Level 3 Fair Value Measurement Items, and Sensitivity Analysis of Unobservable Inputs

First half of 2026 Unit: RMB

		Total profit or loss		
	Opening Balance	Amount included in profit or loss	Amount included in comprehensive income	Closing balance
Equity investments	1,169,235,616	—	−2,031,097	1,167,204,519
Bonds payable — preference shares	152,286,381	−4,298,152	—	147,988,229

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS

1. Major shareholders of the Company

Unit: Million

Name of major shareholders	Registered office	Nature of business	Registered capital	To the Company Shareholding ratio (%)	To the Company Proportion of voting rights (%)
HolchinB.V.	Amsterdam, Netherlands	Establishment of companies other enterprises;acquisition, management, supervision and transfer of shares and other interests in legal persons, companies and enterprises	CHF 1,134	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	17.07	17.13

Holchin B.V. is the largest shareholder of the Company, and its ultimate controlling shareholder is Holcim Ltd. Holpac Limited, the person acting in concert with Holchin B.V., holds 1.62% of the Company's equity. Therefore, the voting right ratio of Holchin B.V. in the Company is 41.81%.

Huangshi State-owned Assets Operation Co., Ltd., a party acting in concert with Huaxin Group Co., Ltd., holds 0.06% equity interest in the Company. Accordingly, the voting rights percentage of Huaxin Group Co., Ltd. stands at 17.13%.

2. Subsidiaries

See Note X.1 for details of the Company's subsidiaries.

3. Associates

See note X.2 for details of the Company's associates.

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS — *continued*

4. Other related parties

	Related Party Relationships
Lafarge ASIA SDN BHD	Controlled by Holcim Ltd
Mbeya Cement Company Limited	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 Ltd.	Controlled by Holcim Ltd
Lafarge Industries SouthAfrica (Pty) 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 Cement Co., Ltd.	Associate of the Group
Tibet Shigatse High-tech Xuelian Cement Co., Ltd	Subsidiary of the Group's associate
Shigatse High-Tech Environmental Engineering Co., Ltd	Subsidiary of the Group's associate
Huangshi State-owned Assets Operation Co., Ltd.	The parent company of the shareholder (s) who exercise significant influence over the Company

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

Unit: RMB

Related parties	Nature of transaction	**Amount for the current period**	Amount for the prior period
Mondi Oman LLC	Procurement of Spare Parts	**13,931,711**	12,316,321
Xinyang Xinxin Mining Co., Ltd.	Procurement of materials	**8,524,313**	11,730,072
Total		**22,456,024**	24,046,393

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS — *continued*

5. Major transactions of the Group with related parties — *continued*

(1) Transactions concerning goods and services with related parties — continued

Sales of goods and services to related parties

Unit: RMB

Related parties	Nature of transaction	**Amount for the current period**	Amount for the prior period
Dujiangyan Lafarge Cement Co., Ltd.	Sales of goods	**67,431**	307,467
Huaxin Group Co., Ltd.	Sales of goods	**41,527**	103,842
Shigatse High-Tech Environmental Engineering Co., Ltd	Sales of goods	**896,975**	10,092,478
Tibet Huaxin New Aggregate Co., Ltd.	Sales of goods	**3,048,271**	5,133,027
Shanghai Wan'an Huaxin Cement Co., Ltd.	Sales of services	**410,567**	180,299
Shigatse High-Tech Environmental Engineering Co., Ltd	Sales of services	**14,709**	6,763,440
Tibet Shigatse High-tech Xuelian Cement Co., Ltd	Sales of services	**781,741**	2,179,536
Total		**5,261,221**	24,760,089

Explanation of Related-Party Transactions in the Purchase and Sale of Goods, and the Provision and Receipt of Services

The Group's purchase/sale of goods and receipt/provision of services from/to related parties are determined through negotiations based on market prices and conducted in accordance with the terms of the agreements signed between the Group and the related parties.

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS — *continued*

5. Major transactions of the Group with related parties — *continued*

(2) Remuneration for key management personnel

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Remuneration for key management personnel	**1,287**	1,466

6. Amounts due to/from related parties

(1) Accounts receivable

Unit: RMB

	Related parties	**Amount for the current period Balance of carrying amount**	**Provision for bad debts**	Amount for the prior period Balance of carrying amount	Provision for bad debts
Accounts receivable	Lafarge Cement Zimbabwe Limited	**27,093**	**–**	27,854	–
Accounts receivable	Dujiangyan Lafarge Cement Co., Ltd.	**89,487**	**–**	766,666	–
Accounts receivable	Shigatse High-Tech Environmental Engineering Co., Ltd	**8,179,824**	**–**	7,765,872	–
Accounts receivable	Shanghai Wan'an Huaxin Cement Co., Ltd.	**1,247,730**	**–**	1,000,000	–
Accounts receivable	Tibet Shigatse High-tech Xuelian Cement Co., Ltd	**5,525,872**	**–**	6,768,618	–
	Total	**15,070,006**	**–**	16,329,010	–

(2) Accounts payable

Unit: RMB

	Related parties	**Closing balance**	Opening balance
Accounts payable	Bamburi Cement Limited	**546,288**	561,626
Accounts payable	Mondi Oman LLC	**3,766,459**	—
Accounts payable	Hima Cement Ltd.	**423,175**	1,235,605
Accounts payable	Holcim Technology Ltd	**—**	102,902,248
Accounts payable	Xinyang Xinxin Mining Co., Ltd.	**1,703,962**	—
	Total	**6,439,885**	104,699,479
Other Payables	Mbeya Cement Company Limited	**74,221**	76,304
Other Payables	LAFARGE ASIA	**—**	232,741
Other Payables	Tibet Shigatse High-tech Xuelian Cement Co., Ltd	**181,250**	3,376,292
Other Payables	Shigatse High-Tech Environmental Engineering Co., Ltd	**7,339**	7,339
	Total	**262,810**	3,692,676

XIII. RELATED PARTY RELATIONSHIPS AND THEIR TRANSACTIONS — *continued*

6. Amounts due to/from related parties — *continued*

(3) Other Items

Unit: RMB

	Related parties	**Closing balance**	Opening balance
Other Receivables Dividends Receivable	Huangshi State-owned Assets Operation Co., Ltd.	**19,385,311**	19,385,311

XIV. SHARE-BASED PAYMENT

1. Various Equity Instruments

(1) Employee Stock Ownership Plan 2020–2022

On 25 September 2020, the Group's general meeting approved the Company's 2020–2022 Core Employee Stock Ownership Plan (Draft) (the "2020 Employee Stock Ownership Plan"). The plan will grant zero-priced restricted stocks to the board of directors, supervisors, and senior management. 2020 Employee Stock Ownership Plan includes two parts: Plan A and Plan B. Plan A refers to the long-term incentive plan linked to the annual performance assessment of the Company from 2020 to 2022, which are awarded, assessed and unlocked by stages. Plan B refers to the Company's long-term incentive plan linked to the milestone performance assessment from 2020 to 2022, with one-time award, one-time assessment and one-time unlocking. On 9 June 2023, the board of directors approved the Granting Results of the Company's 2020–2022 Core Employee Stock Ownership Plan. The result was that 2,723,597 shares of Plan A are unvested, and the final amount of granted shares was 3,435,155. 14,880,609 shares of Plan B are unvested, and the final amount of granted shares was Nil.

The results of the Company's comprehensive performance assessment for the year 2022 were lower than the threshold value, result in the Company's performance assessment coefficient for the year 2022 was 0%, and all the 1,728,304 shares of the third phase of the 2020–2022 Employee Stock Ownership Plan A-0 Plan could not be attributed. The results of the assessment of the Milestone Performance Objectives for the 2020–2022 assessment period were lower than the threshold value, result in the assessment coefficient was determined to be 0%, and all the 14,880,609 shares of the 2020–2022 Employee Stock Ownership Plan B could not be attributed. 5,485 shares of the 2020–2022 Employee Stock Ownership Plan could not be attributed due to employee resignation.

XIV. SHARE-BASED PAYMENT — *continued*

1. Various Equity Instruments — *continued*

(2) Employee Stock Ownership Plan 2023–2025

On 20 July 2023, the Group's general meeting approved the Company's 2023–2025 Core Employee Stock Ownership Plan (Draft) (the "2023 Employee Stock Ownership Plan"). The plan will grant zero-priced restricted stocks to the board of directors, supervisors, and senior management. The restricted shares granted under the Plan are subject to lock-up period. The planned shares acquired under the plan will be unlocked in three phases (meeting the performance conditions), with the unlocking points being 12, 24 and 36 months respectively from the date of the Company's announcement of the last transfer of the underlying shares to the name of the account of the current shareholding plan, The percentage of unlocking for each phase will be 30%, 30% and 40% of the shares attributable to the shareholding, respectively.

For the 2023 Plan, the securities account held 2,917,577 shares. Based on the 2023 performance assessment results, a total of 241,764 shares were non-vestable. These non-vestable shares shall be recovered and disposed of by the Administration Committee, and any proceeds generated shall belong to the Company. The 2023 Plan ultimately granted 2,675,813 shares in actual terms, which shall be implemented in accordance with the lock-up period and unlocking period arrangements specified in the 2023 Plan.

The Plan was reviewed and approved at the Company's 3rd Extraordinary General Meeting of 2023 held on July 20, 2023. Pursuant to the authorization granted by the General Meeting to the Board of Directors, the Company held the first meeting of the 11th Session of the Board of Directors on May 21, 2024, at which it reviewed and approved the Second Tranche (2024) Core Employee Stock Ownership Plan of the Company's 2023–2025 Core Employee Stock Ownership Plan (hereinafter referred to as the "2024 Tranche Stock Ownership Plan"). Under this Plan, restricted shares were granted at zero price to 747 participants, including directors, supervisors, and senior management personnel. The underlying shares obtained under this Tranche Plan shall be unlocked in three phases (subject to meeting performance conditions). The unlocking points shall be 12 months, 24 months, and 36 months respectively from the date on which the Company announces the completion of the last transfer of the underlying shares to the account name of the current Tranche Stock Ownership Plan, with the unlocking percentage for each phase being 30%, 30%, and 40% of the vestable shares respectively.

For the 2024 Plan, the securities account held 3,290,225 shares. Based on the 2024 performance assessment results, a total of 725,184 shares were non-vestable. These non-vestable shares shall be recovered and disposed of by the Administration Committee, and any proceeds generated shall belong to the Company. The 2024 Plan ultimately granted 2,565,041 shares in actual terms, which shall be implemented in accordance with the lock-up period and unlocking period arrangements specified in the 2024 Plan.

XIV. SHARE-BASED PAYMENT — *continued*

1. Various Equity Instruments — *continued*

(2) Employee Stock Ownership Plan 2023–2025 — continued

The Plan was reviewed and approved at the Company's 3rd Extraordinary General Meeting of 2023 held on July 20, 2023. Pursuant to the authorization granted by the General Meeting to the Board of Directors, the Company held the first meeting of the 11th Session of the Board of Directors on May 27, 2025, at which it reviewed and approved the Third Tranche (2025) Core Employee Stock Ownership Plan of the Company's 2023–2025 Core Employee Stock Ownership Plan (hereinafter referred to as the "2025 Tranche Stock Ownership Plan"). Under this Plan, restricted shares were granted at zero price to 750 participants, including directors, supervisors, and senior management personnel. The underlying shares obtained under this Tranche Plan shall be unlocked in three phases (subject to meeting performance conditions). The unlocking points shall be 12 months, 24 months, and 36 months respectively from the date on which the Company announces the completion of the last transfer of the underlying shares to the account name of the current Tranche Stock Ownership Plan, with the unlocking percentage for each phase being 30%, 30%, and 40% of the vestable shares respectively.

The securities account for the 2025 Tranche Plan holds 2,993,006 shares. Based on the performance assessment results for 2025, the vesting ratio is 100%, and the unlocking shall be implemented in accordance with the lock-up period and unlocking schedule stipulated in the 2025 Tranche Plan.

(3) 2025 A-share Restricted Stock Incentive Plan

The Plan was reviewed and approved at the Company's 4th Extraordinary General Meeting of 2025 held on November 12, 2025. Pursuant to the authorization granted by the General Meeting to the Board of Directors, the Company held the 20th meeting of the 11th Session of the Board of Directors on December 9, 2025, at which it reviewed and approved the "Proposal on Granting A-share Restricted Stocks to Incentive Recipients" (hereinafter referred to as the "2025 Incentive Plan"). Under this Plan, 2,578,000 A-share restricted stocks were granted to 11 senior management personnel at RMB8.90 per share. The underlying shares obtained under this Plan shall be unlocked in two phases (subject to meeting performance conditions). The restricted shares shall become tradable from the first trading day after the expiration of 36 months from the completion date of registration of the granted restricted stocks, and the trading period shall end on the last trading day within 48 months and 60 months respectively from the completion date of registration, with the unlocking percentage for each phase being 50% of the vestable shares respectively.

(4) 2026 H-share Share Award Plan

The Plan was reviewed and approved at the Company's 1st Extraordinary General Meeting of 2026 held on April 17, 2026. Under this Plan, the Company shall utilize funds not exceeding RMB239,880,000 for the trustee to purchase H-shares through the secondary market of the Hong Kong Stock Exchange as award shares. The recipients of the awards are the Company's directors, senior management personnel and core employees. The underlying shares obtained under this Plan shall be 100% vested within one year from the first trading day after the expiration of 36 months from the date of grant, subject to both the Company-level performance assessment and individual performance assessment conditions.

XIV. SHARE-BASED PAYMENT — *continued*

2. Equity-settled share-based payment

Unit: RMB

Equity-settled share-based payment objects	—
Method for Determining the Fair Value of Equity Instruments on the Grant Date	Closing Price of the Company's Stock on the Grant Date
Basis for Determining the Number of Vestable Equity Instruments	The company's financial performance indicators and individual performance indicators are assessed on an annual basis, with the number of equity instruments held by incentive recipients who meet the assessment targets serving as the basis for determination.
Cumulative Amount of Equity-Settled Share-Based Payments Recognized in Capital Reserves	54,157,305

3. Current Period Share-Based Payment Expenses

Unit: RMB

	Equity-settled share-based payment expense
Management staff	14,443,494
Sales staff	1,200,649
Research staff	814,818
Production staff	1,430,479
Total	17,889,440

XV. COMMITMENTS AND CONTINGENCIES

1. Commitments

	Closing balance	Opening balance
Capital commitments		
Investment Commitments	**2,215,704,035**	2,471,937,759
Total	**2,215,704,035**	2,471,937,759

XVI. OTHER SIGNIFICANT MATTERS

1. Segment reporting

(1) Determination basis and accounting policies of reporting segments

For management purposes, the Group is organised into business units based on their geographical locations and has 2 reportable geography operating segments as follows:

The Domestic segment is mainly engaged in business activities in China, including the production 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.

The intersegment transactions are transacted with reference to the prices used for transactions made to third parties at the then prevailing market price.

(2) Segment reporting

Unit: RMB

Item	Domestic segment	Oversea segment	Unallocated amounts	Elimination Between segments	Total
Segment revenue	10,980,112,685	9,012,299,921	–	495,306,551	19,497,106,055
Sales between segments	495,306,551	–	–	495,306,551	–
Sales to external customers	10,484,806,134	9,012,299,921	–	–	19,497,106,055
Segment costs	8,887,884,986	4,832,765,344	–	375,639,094	13,345,011,236
Costs between segments	403,410,426	–	–	403,410,426	–
Costs to external customers	8,484,474,560	4,832,765,344	–	−27,771,332	13,345,011,236
Investment income from investments in joint ventures and associates	986,444	867,299	–	–	1,853,743
Profit	234,490,274	3,080,306,572	–	60,802,015	3,253,994,831
Total assets	74,217,708,973	29,825,507,595	823,572,564	23,351,814,423	81,514,974,709
Total liabilities	36,711,775,812	6,977,741,628	2,406,113,753	2,924,278,887	43,171,352,306
Total non-current asset	43,414,419,647	16,550,477,506	–	–	59,964,897,153
Depreciation and amortization	1,407,994,745	510,542,818	–	–	1,918,537,563
Long-term equity investments in associates and joint ventures	565,494,973	25,465,539	–	–	590,960,512
Increase in Other Non-Current Assets Excluding Long-Term Equity Investments	42,848,924,674	16,525,011,967	–	–	59,373,936,641

Note: The non-current assets exclude debt investments, other equity investments, other non-current financial assets, long-term receivables and deferred tax assets.

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

The ageing analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance	Opening balance
Within 6 months	268,479,876	307,317,476
6 to 12 months	84,835,511	84,014,651
1 to 2 years	57,899,491	42,458,370
2 to 3 years	3,566,980	2,768,562
Over 3 years	26,674,644	27,079,183
Less: Impairment allowance	19,406,757	18,547,787
Total	422,049,745	445,090,455

Movements in provision for bad debts of accounts receivable are as follows:

Unit: RMB

	Opening balance					Closing balance				
	Balance of carrying amount		Provision for bad debts			Balance of carrying amount		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Carrying value	Amount	Proportion (%)	Amount	Proportion (%)	Carrying value
Receivables for which bad debt provision is assessed on an individual basis	423,330,742	96	17,015,176	4	406,315,566	445,714,586	96	17,085,513	4	428,629,073
Receivables for which bad debt provision is assessed on a portfolio basis	18,125,761	4	2,391,581	13	15,734,179	17,923,656	4	1,462,274	8	16,461,382
Including:										
Receivable of cement	5,911	–	5,911	100	–	560,258	–	9,508	2	550,750
Receivable of others	18,119,850	4	2,385,670	13	15,734,179	17,363,398	4	1,452,766	8	15,910,632
Total	441,456,502	/	19,406,757	/	422,049,745	463,638,242	/	18,547,787	/	445,090,455

As at 30 June 2026, receivable for which bad debt provision is assessed on an individual basis:

Unit: RMB

	Closing balance			
	Balance of carrying amount	Provision for bad debts	Proportion (%)	Reasons for provision
Customer B	10,887,838	10,887,838	100	All uncollectible
Others	412,442,904	6,127,338	1	Partly uncollectible
Total	423,330,742	17,015,176	4	/

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

1. Accounts receivable — *continued*

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

Category of Cement receivables

	Closing balance Balance at end of year	 Provision for bad debts	 Proportion (%)
Within 6 months	—	—	—
6 to 12 months	—	—	—
1 to 2 years	—	—	—
2 to 3 years	—	—	—
Over 3 years	5,911	5,911	100
Total	5,911	5,911	100

Category of other business receivables:

Unit: RMB

	Closing balance Balance at end of year	 Provision for bad debts	 Proportion (%)
Within 6 months	459,616	38,611	8
6 to 12 months	11,041,400	772,898	7
1 to 2 years	5,766,050	807,247	14
2 to 3 years	—	—	—
Over 3 years	852,783	766,914	90
Total	18,119,850	2,385,670	13

Movements in provision for bad debts of accounts receivable are as follows:

Unit: RMB

	Opening balance	Movements during the year Provision for the year	 Recovered or reversal	 Write-offs	 Other movements	Closing balance
Bad debts of accounts receivable	18,547,787	861,546	2,576	—	—	19,406,757
Total	18,547,787	861,546	2,576	—	—	19,406,757

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

1. Accounts receivable — *continued*

As at 30 June 2026, the top 5 of the balances of accounts receivable were as follows:

Unit: RMB

	Balance at end of year	Percentage of total accounts receivable (%)	Provision for bad debts
First	**63,494,447**	**12**	**63,494,447**
Second	**50,509,015**	**10**	**50,509,015**
Third	**46,804,174**	**9**	**46,804,174**
Fourth	**43,693,266**	**8**	**43,693,266**
Fifth	**24,502,067**	**5**	**24,502,067**
Total	**229,002,969**	**/**	**229,002,969**

2. Other receivables

Unit: RMB

	Closing balance	Opening balance
Interest receivables	**170**	170
Dividends receivable	**500,463,688**	236,463,688
Other receivables	**12,593,839,685**	12,376,550,337
Total	**13,094,303,543**	12,613,014,195

An aging analysis of other receivables is as follows:

Unit: RMB

	Closing balance	Opening balance
Within 1 year	**6,818,062,516**	5,635,366,465
1 to 2 years	**2,156,595,654**	2,281,235,424
2 to 3 years	**1,269,943,505**	1,757,646,350
Over 3 years	**2,395,413,403**	2,748,477,491
Less: Provision for bad debts of other receivables	**46,175,393**	46,175,393
Total	**12,593,839,685**	12,376,550,337

2. Other receivables — *continued*

Other receivables are classified by nature as follows:

Unit: RMB

	Closing balance	Opening balance
Amounts due from subsidiaries and related parties	**12,570,966,885**	12,337,093,879
Guarantees, deposits and holdings	**66,915,043**	70,838,081
Others	**2,133,150**	14,793,770
Total	**12,640,015,078**	12,422,725,730

Movements in provision for bad debts of other receivable are as follows:

Unit: RMB

	Opening balance	Amount of change during the period				**Closing balance**
		Provision for the year	Reversal for the year	Write-off for the year	Other	
Bad debt provision for other receivables	46,175,393	–	–	–	–	**46,175,393**
Total	46,175,393	–	–	–	–	**46,175,393**

As at 30 June 2026, the top 5 of the balances of other receivables were as follows:

Unit: RMB

	Closing balance	**Proportion in total balance of other receivables**	**Nature**	**Aging**	**Closing balance of provision for bad debts**
Huaxin (Hong Kong) International Holdings Limited	**3,025,564,432**	**24**	**Amounts due from subsidiaries**	**Within 1 year, 1 to 2 years, 2 to 3 years**	**–**
Huaxin (Hainan) Investment Co., Ltd.	**1,828,081,893**	**14**	**Amounts due from subsidiaries**	**1 to 2 years, 2 to 3 years Over 3 years**	**–**
Hainan Huaxin Pan-Africa Investment Co., Ltd	**1,418,970,000**	**11**	**Amounts due from subsidiaries**	**Within 1 year, 1 to 2 years, 2 to 3 years**	**–**
Yunnan Huaxin Building Materials Investment Co., Ltd.	**1,213,940,590**	**10**	**Amounts due from subsidiaries**	**Within 1 year, 1 to 2 years, 2 to 3 years**	**–**
Huaxin Concrete Co., Ltd.	**1,023,954,661**	**8**	**Amounts due from subsidiaries**	**Within 1 year, 1 to 2 years,**	**–**
Total	**8,510,511,576**	**–**	**/**	**/**	**–**

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS – *continued*

3. Long-term equity investments

Unit: RMB

	Closing balance			Opening balance		
	Balance of carrying amount	**Impairment provision**	**Balance of carrying amount**	Impairment provision	Balance of carrying amount	Impairment provision
Investment in subsidiaries	**19,373,669,953**	**42,000,000**	**19,331,669,953**	18,382,031,315	42,000,000	18,340,031,315
Investment in associates and joint ventures	**498,864,790**	**–**	**498,864,790**	496,999,831	–	496,999,831
Total	**19,872,534,743**	**42,000,000**	**19,830,534,743**	18,879,031,146	42,000,000	18,837,031,146

Cost method:

Unit: RMB

	Opening balance (Book value)	opening balances of impairment provision	Movements during the year Additional investment	**Closing balance (Book value)**	**Closing balances of impairment provision**
Huaxin Cement (Yangxin) Co., Ltd.	653,713,479	–	–	**653,713,479**	**–**
Huaxin Cement (Wuxue) Co., Ltd.	300,000,000	–	–	**300,000,000**	**–**
Huaxin Cement (Chibi) Co., Ltd.	140,000,000	–	–	**140,000,000**	**–**
Huaxin Cement (Yichang) Co., Ltd.	505,589,562	–	–	**505,589,562**	**–**
Huaxin Cement (Xiangyang) Co., Ltd.	140,000,000	–	–	**140,000,000**	**–**
Huaxin Cement (Enshi) Co., Ltd.	40,200,000	–	–	**40,200,000**	**–**
Huaxin Cement (Zhaotong) Co., Ltd.	60,000,000	–	–	**60,000,000**	**–**
Huaxin Cement (Tibet) Co., Ltd.	50,000,000	–	–	**50,000,000**	**–**
Huaxin Cement (Wuhan) Co., Ltd.	–	42,000,000	–	**–**	**42,000,000**
Wuhan Ganghua Cement Co., Ltd.	20,000,000	–	–	**20,000,000**	**–**
Huaxin Cement (Xiantao) Co., Ltd.	14,658,136	–	–	**14,658,136**	**–**
Huaxin Cement (Yueyang) Co., Ltd.	59,500,000	–	–	**59,500,000**	**–**
Huaxin Concrete (Wuhan) Co., Ltd.	568,802,159	–	–	**568,802,159**	**–**
Huaxin Cement (Henan Xinyang) Co., Ltd.	200,000,000	–	–	**200,000,000**	**–**
Huaxin Cement Scientific Research and Design Co., Ltd.	990,000	–	–	**990,000**	**–**
Hubei Dailing Future Environmental Protection Packaging Technology Co., Ltd.	60,229,648	–	–	**60,229,648**	**–**
Huaxin Cement (Zigui) Co., Ltd.	240,000,000	–	–	**240,000,000**	**–**
Huaxin Cement (Zhuzhou) Co., Ltd.	340,000,000	–	–	**340,000,000**	**–**
Huaxin Cement (Chenzhou) Co., Ltd.	220,000,000	–	–	**220,000,000**	**–**
Huaxin Cement (Macheng) Co., Ltd.	65,000,000	–	–	**65,000,000**	**–**
Huaxin Cement (Hefeng) National Building Materials Co., Ltd.	44,700,483	–	–	**44,700,483**	**–**
Huaxin Cement Technology Management (Wuhan) Co., Ltd.	20,000,000	–	–	**20,000,000**	**–**
Huaxin Cement (Huangshi) Bulk Storage and Transportation Co., Ltd.	20,000,000	–	–	**20,000,000**	**–**
Huaxin Cement Xiangyang Xiangcheng Co., Ltd.	40,000,000	–	–	**40,000,000**	**–**
Huaxin Cement (Quxian) Co., Ltd.	240,000,000	–	–	**240,000,000**	**–**
Huaxin Cement (Wanyuan) Co., Ltd.	190,000,000	–	–	**190,000,000**	**–**
Huaxin Cement Chongqing Fuling Co., Ltd.	200,000,000	–	–	**200,000,000**	**–**
Huaxin Hongta Cement (Jinghong) Co., Ltd.	91,601,080	–	–	**91,601,080**	**–**
Huaxin Cement (Changyang) Co., Ltd.	197,590,806	–	–	**197,590,806**	**–**
Huaxin Cement (Daoxian) Co., Ltd.	180,000,000	–	–	**180,000,000**	**–**
Huaxin Cement (Kunming Dongchuan) Co., Ltd.	140,000,000	–	–	**140,000,000**	**–**
Huaxin Cement (Jingzhou) Co., Ltd.	70,800,000	–	–	**70,800,000**	**–**
Huaxin Cement (Fangxian) Co., Ltd.	30,124,664	–	–	**30,124,664**	**–**
Huaxin Cement (Lengshuijiang) Co., Ltd.	180,000,000	–	–	**180,000,000**	**–**
Huaxin Cement (Diqing) Co., Ltd.	65,550,000	–	–	**65,550,000**	**–**
Huaxin Environmental Engineering Co., Ltd.	1,000,000,000	–	–	**1,000,000,000**	**–**
Huaxin Jinlong Cement (Yunxian) Co., Ltd.	363,802,268	–	–	**363,802,268**	**–**
Huaxin Zhongya Investment (Wuhan) Co., Ltd.	388,623,689	–	–	**388,623,689**	**–**
Huaxin Cement Suizhou Co., Ltd.	24,600,000	–	–	**24,600,000**	**–**

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

3. Long-term equity investments — *continued*

Cost method: — continued

	Opening balance (Book value)	opening balances of impairment provision	Movements during the year Additional investment	**Closing balance (Book value)**	**Closing balances of impairment provision**
Huaxin Cement (Sangzhi) Co., Ltd.	120,000,000	–	–	**120,000,000**	**–**
Huaxin Concrete Co., Ltd.	255,000,000	–	–	**255,000,000**	**–**
Huaxin Aggregate Co., Ltd.	258,100,000	–	–	**258,100,000**	**–**
Huaxin New Building Materials Co., Ltd.	117,543,012	–	–	**117,543,012**	**–**
Huaxin Equipment Engineering Co., Ltd.	190,000,000	–	–	**190,000,000**	**–**
Huaxin (Hong Kong) International Holdings Co., Ltd.	3,050,690,857	–	–	**3,050,690,857**	**–**
Huaxin Cement (Daye) Co., Ltd.	420,100,753	–	–	**420,100,753**	**–**
Huaxin Cement (Ezhou) Co., Ltd.	99,437,030	–	–	**99,437,030**	**–**
Huaxin Cement (Enping) Co., Ltd.	674,058	–	–	**674,058**	**–**
Huaxin Narayani Investment (Shanghai) Co., Ltd.	500,000	–	–	**500,000**	**–**
Yunnan Huaxin Building Materials Investment Co., Ltd.	977,000,000	–	–	**977,000,000**	**–**
Chongqing Huaxin Yanjing Cement Co., Ltd.	29,738,100	–	–	**29,738,100**	**–**
Chongqing Huaxin Diwei Cement Co., Ltd.	73,000,000	–	–	**73,000,000**	**–**
Chongqing Huaxin Cantian Cement Co., Ltd.	253,300,000	–	–	**253,300,000**	**–**
Chongqing Huaxin Phoenix Lake Concrete Co., Ltd.	40,000,000	–	–	**40,000,000**	**–**
Chongqing Huaxin Tiancheng Concrete Co., Ltd.	29,000,000	–	–	**29,000,000**	**–**
Somerset Investments Limited (Mauritius)	252,000,000	–	–	**252,000,000**	**–**
Huaxin Environmental Engineering (Yichang) Co., Ltd.	20,000,000	–	–	**20,000,000**	**–**
Huaxin Cement Narayani Co., Ltd.	–	–	991,638,638	**991,638,638**	**–**
Huaxin Cement (Huangshi) Co., Ltd.	892,800,000	–	–	**892,800,000**	**–**
Huaxin (Huangshi) Logistics Co., Ltd.	20,000,000	–	–	**20,000,000**	**–**
Huangshi Huaxin Green Building Materials Industry Co., Ltd.	1,870,000,000	–	–	**1,870,000,000**	**–**
Huaxin (Hainan) Investment Co., Ltd.	2,152,071,531	–	–	**2,152,071,531**	**–**
Huaxin Property Management Huangshi Co., Ltd.	3,000,000	–	–	**3,000,000**	**–**
Huaxin New Building Materials (Huangshi) Co., Ltd.	50,000,000	–	–	**50,000,000**	**–**
Total	18,340,031,315	42,000,000	991,638,638	**19,331,669,953**	**42,000,000**

XVII. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS — *continued*

3. Long-term equity investments — *continued*

Equity method:

Unit: RMB

		Movements during the year		
	Opening balance	Investment profit or loss under the equity method	Other changes	**Closing balance**
Joint ventures				
Tibet High-tech Building Materials Group Co., Ltd.	407,459,661	—	1,377,877	**637,450**
Shanghai Wan'an Huaxin Cement Co., Ltd.	89,540,170	—	−150,368	**—**
Total	496,999,831	—	1,227,509	**637,450**

4. Operating revenue and cost

Unit: RMB

	Amount for the current period		Amount for the prior period	
Item	**Revenue**	**Costs**	Revenue	Costs
Principal operations	**236,830,265**	**167,849,667**	224,103,510	179,657,057
Other operations	**614,538,480**	**483,831,847**	891,826,471	743,184,765
Total	**851,368,745**	**651,681,514**	1,115,929,981	922,841,822

5. Investment income

Unit: RMB

Item	**Amount for the current period**	Amount for the prior period
Gains from long-term equity investments under the cost method	**1,013,500,000**	1,337,800,000
Investment gains from held for trading financial assets during the holding period	**1,227,509**	1,195,218
Gains (losses) on disposal of long-term equity investments	**236,365**	1,345,522
Total	**1,014,963,874**	1,340,340,740

XVIII. SUPPLEMENTAL INFORMATION

1. Breakdown of non-recurring Profit and Loss

Unit: RMB

Item	Amount
Net income on disposal of non-current assets	21,043,943
Government grants recognized in current profit or loss (except for the government grants that are closely related to the normal operating 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)	47,998,026
Except for those relating to the hedging transactions under the Company's normal operating business, profit/loss from the change of fair value of financial assets and financial liabilities, and profit/loss from the disposal of financial assets and financial liabilities in non-financial enterprises	–3,564,703
Reversal of provisions for impairment of receivables that are individually tested for impairment	6,828,188
Other non-operating income and expenses other than the above items	–55,557,160
Less: Impact of income tax	8,390,607
Less: Impact of non-controlling interests	–230,285
Total	8,587,972

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net asset (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	5.22	0.83	0.80
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	5.19	0.82	0.79