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CNBM

China National Building Material Company Limited^{*}

中國建 材 股 份 有 限 公 司

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

(Stock Code: 3323)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The Group's unaudited revenue amounted to RMB108,963 million for the six months ended 30 June 2022, representing a decrease of 10.6% as compared to the same period of 2021.

The unaudited profit attributable to owners of the Group was RMB5,448 million, representing a decrease of 31.2% as compared to the same period of 2021.

Basic earnings per share was RMB0.646, representing a decrease of 31.2% as compared to the same period of 2021. The Board does not recommend the payment of an interim dividend.

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2022 and the Group's consolidated financial position as at 30 June 2022, together with its consolidated results for the six months ended 30 June 2021 and consolidated financial position as at 31 December 2021 for comparison.

The unaudited consolidated financial information of the Group for the six months ended 30 June 2022 has been reviewed by the independent auditor, the Board and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (restated) (unaudited)
Revenue	3	108,962,840	121,872,771
Cost of sales		(87,906,975)	(91,533,815)
Gross profit		21,055,865	30,338,956
Investment and other income, net	4	2,068,900	1,624,352
Selling and distribution costs		(1,692,010)	(2,335,494)
Administrative expenses		(8,915,585)	(10,124,048)
Finance costs, net	5	(3,014,189)	(3,272,372)
Share of results of associates		1,915,171	1,855,684
Share of results of joint ventures		(1,685)	(392)
Reversal of impairment loss/(impairment loss) under expected credit loss model, net		157,199	(697,435)
Profit before tax	6	11,573,666	17,389,251
Income tax expense	7	(1,958,146)	(4,206,190)
Profit for the period		9,615,520	13,183,061
Profit for the period attributable to:			
Owners of the Company		5,447,595	7,918,748
Holders of perpetual capital instruments		345,429	404,964
Non-controlling interests		3,822,496	4,859,349
Profit for the period		9,615,520	13,183,061
		<i>RMB</i>	<i>RMB</i>
Earnings per share – basic and diluted	9	0.646	0.939

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Renminbi)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(restated)
	(unaudited)	(unaudited)
Profit for the period	9,615,520	13,183,061
Other comprehensive (expense)/income, net of tax:		
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit obligations	3,382	1,095
Changes in the fair value of equity instruments at fair value through other comprehensive income, net	–	(152)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(2,736)	(59,457)
Share of associates' other comprehensive (expense)/income	(12,671)	13,301
Share of joint ventures' other comprehensive expense	–	(70)
Changes in fair value on hedging instruments designated as cash flow hedges	6,862	6,442
Other comprehensive expense for the period, net of tax	(5,163)	(38,841)
Total comprehensive income for the period	9,610,357	13,144,220
Total comprehensive income attributable to:		
Owners of the Company	5,435,547	7,904,423
Holders of perpetual capital instruments	345,429	404,964
Non-controlling interests	3,829,381	4,834,833
Total comprehensive income for the period	9,610,357	13,144,220

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022
(Expressed in Renminbi)

		30 June 2022	31 December 2021
	Note	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		186,411,105	181,240,991
Right-of-use assets		28,346,316	29,277,058
Investment properties		1,114,220	965,215
Goodwill		32,338,152	32,323,232
Intangible assets		26,355,519	25,602,025
Interests in associates		28,273,713	26,870,710
Interests in joint ventures		129,663	131,348
Financial assets at fair value through profit or loss		1,940,187	2,524,452
Deposits		4,410,648	3,990,272
Trade and other receivables	10	2,601,052	3,604,945
Deferred income tax assets		6,650,212	6,294,168
		318,570,787	312,824,416
Current assets			
Inventories		25,953,003	21,199,061
Trade and other receivables	10	91,149,630	87,002,546
Financial assets at fair value through profit or loss		6,280,347	8,259,699
Derivative financial instruments		795	16,578
Amounts due from related parties		2,150,157	2,198,675
Pledged bank deposits		3,979,570	3,780,941
Cash and cash equivalents		37,772,843	27,260,215
		167,286,345	149,717,715
Assets classified as held-for-sale		7,863	–
		167,294,208	149,717,715

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT 30 JUNE 2022

(Expressed in Renminbi)

		30 June 2022	31 December 2021
	Note	RMB'000	RMB'000
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	11	97,479,370	98,539,961
Amounts due to related parties		4,328,075	4,834,060
Borrowings – amount due within one year		99,146,289	73,750,558
Lease liabilities		1,236,115	432,754
Derivative financial instruments		7,796	7,434
Employee benefits payable		22,560	33,397
Current income tax liabilities		2,385,793	3,976,820
Dividends payable to non-controlling interests		708,037	1,301,091
		205,314,035	182,876,075
Net current liabilities		(38,019,827)	(33,158,360)
Total assets less current liabilities		280,550,960	279,666,056
Non-current liabilities			
Borrowings – amount due after one year		86,192,018	93,092,947
Deferred income		2,203,112	2,242,652
Lease liabilities		1,605,823	2,534,627
Employee benefits payable		210,282	217,027
Deferred income tax liabilities		2,882,348	2,954,380
		93,093,583	101,041,633
Net assets		187,457,377	178,624,423

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

AS AT 30 JUNE 2022

(Expressed in Renminbi)

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Capital and reserves		
Share capital	8,434,771	8,434,771
Reserves	94,694,482	93,438,631
Equity attributable to:		
Owners of the Company	103,129,253	101,873,402
Holders of perpetual capital instruments	19,422,647	16,809,142
Non-controlling interests	64,905,477	59,941,879
Total equity	187,457,377	178,624,423

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Renminbi)

1. GENERAL INFORMATION

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

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

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

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the cement, concrete, lightweight building materials, fiberglass and composite materials, and engineering services businesses. Hereinafter, the Company and its subsidiaries are collectively referred to as the “Group”.

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

The condensed consolidated financial statements have not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and in compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”).

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

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in Group’s annual financial statements for the year ended 31 December 2021.

Certain comparative figures for the six months ended 30 June 2021 have been restated to reflect the effect of business combination under common control occurred during the second half of 2021.

(a) Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(i) Impacts and changes in accounting policies on application of Amendments to IFRS 3 “Reference to the Conceptual Framework”

1. Accounting policies

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or IFRIC 21 “Levies”, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

3 SEGMENT INFORMATION

For management purposes, the Group is currently organised into five major operating divisions during the period – cement, concrete, new materials, engineering services and others. These activities are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Cement	–	Production and sale of cement
Concrete	–	Production and sale of concrete
New materials	–	Production and sale of fiberglass, composite and light building materials
Engineering services	–	Provision of engineering services to glass and cement manufacturers and equipment procurement
Others	–	Merchandise trading business and others

More than 90% of the Group's operations and assets are located in the PRC for the six months ended 30 June 2022 and year ended 31 December 2021.

(a) For the six months ended 30 June 2022:

The segment results for the six months ended 30 June 2022 are as follows:

	Cement RMB'000	Concrete RMB'000	New materials RMB'000	Engineering services RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Revenue							
External sales							
On a point of time basis	53,413,428	17,658,852	21,894,327	35,134	1,897,688	–	94,899,429
On over time basis	–	–	–	14,063,411	–	–	14,063,411
	53,413,428	17,658,852	21,894,327	14,098,545	1,897,688	–	108,962,840
Inter-segment sales (Note)	485,941	19,448	99,314	4,022,203	7,091,900	(11,718,806)	–
	53,899,369	17,678,300	21,993,641	18,120,748	8,989,588	(11,718,806)	108,962,840
Adjusted EBITDA (unaudited)	11,882,944	1,886,077	5,691,565	795,621	(449,031)	–	19,807,176
Depreciation and amortisation	(5,252,248)	(515,048)	(1,261,168)	(90,401)	(109,345)	–	(7,228,210)
Unallocated other income, net							110,657
Unallocated administrative expenses							(15,254)
Share of results of associates	444,624	–	70,270	13,536	1,386,741	–	1,915,171
Share of results of joint ventures	267	–	(1,952)	–	–	–	(1,685)
Finance costs, net	(2,068,263)	(466,352)	(331,021)	(19,863)	(129,203)	–	(3,014,702)
Unallocated finance cost							513
Profit before income tax							11,573,666
Income tax expense							(1,958,146)
Profit for the period (unaudited)							9,615,520

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

The segment results are disclosed as EBITDA, i.e. the profit earned by each segment without allocation of depreciation and amortisation, net other income, central administration costs, net finance costs, share results of associates, share of results of joint ventures and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

(b) As at 30 June 2022:

The segment assets and liabilities as at 30 June 2022 are as follows:

	Cement <i>RMB'000</i>	Concrete <i>RMB'000</i>	New materials <i>RMB'000</i>	Engineering services <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Assets							
Segment assets	246,609,091	54,888,726	67,366,554	26,282,838	6,721,106	-	401,868,315
Interests in associates	12,336,325	97,744	10,158,275	3,801,199	1,880,180	-	28,273,723
Interests in joint ventures	31,107	-	98,555	-	-	-	129,662
Unallocated assets							55,593,295
Total consolidated assets							
(unaudited)							485,864,995
Liabilities							
Segment liabilities	143,205,677	16,494,222	32,120,882	24,936,619	8,170,773	-	224,928,173
Unallocated liabilities							73,479,445
Total consolidated liabilities							
(unaudited)							298,407,618

Segment assets include all tangible assets, intangible assets and current assets with the exception of interests in associates and joint ventures and other corporate assets. Segment liabilities include trade and other payables, borrowings, lease liabilities and bills payable attributable to sales activities of each segment with the exception of deferred income, dividends payable to non-controlling interests, amounts due to related companies, current income tax liabilities, deferred tax liabilities, employee benefits payables and corporate expense payables.

(c) For the six months ended 30 June 2021:

The segment results for the six months ended 30 June 2021 are as follows:

	Cement <i>RMB'000</i> <i>(restated)</i>	Concrete <i>RMB'000</i>	New materials <i>RMB'000</i> <i>(restated)</i>	Engineering services <i>RMB'000</i>	Others <i>RMB'000</i> <i>(restated)</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i> <i>(restated)</i>
Revenue							
External sales							
On a point of time basis	58,482,373	23,486,813	21,451,165	1,745,939	1,516,207	–	106,682,497
On over time basis	–	–	–	15,190,274	–	–	15,190,274
	58,482,373	23,486,813	21,451,165	16,936,213	1,516,207	–	121,872,771
Inter-segment sales <i>(Note)</i>	1,335,232	36,134	203,089	3,740,594	1,889,879	(7,204,928)	–
	59,817,605	23,522,947	21,654,254	20,676,807	3,406,086	(7,204,928)	121,872,771
Adjusted EBITDA (unaudited)	19,500,988	2,142,306	5,588,031	402,746	(2,005,068)	–	25,629,003
Depreciation and amortisation	(4,961,957)	(344,616)	(1,199,161)	(276,855)	(55,650)	–	(6,838,239)
Unallocated other income, net							28,074
Unallocated administrative expenses							(12,507)
Share of results of associates	695,974	(5,651)	48,321	6,882	1,110,158	–	1,855,684
Share of results of joint ventures	(345)	–	(47)	–	–	–	(392)
Finance costs, net	(2,207,841)	(514,858)	(234,106)	(170,164)	(138,699)	–	(3,265,668)
Unallocated finance costs, net							(6,704)
Profit before income tax							17,389,251
Income tax expense							(4,206,190)
Profit for the period (unaudited)							13,183,061

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

(d) As at 31 December 2021:

The segment assets and liabilities as at 31 December 2021 are as follows:

	Cement <i>RMB'000</i>	Concrete <i>RMB'000</i>	New materials <i>RMB'000</i>	Engineering services <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
Assets							
Segment assets	236,960,704	53,195,596	64,192,085	28,342,445	6,246,241	-	388,937,071
Interests in associates	12,195,603	65,257	7,745,747	3,495,095	3,369,008	-	26,870,710
Interests in joint ventures	30,840	-	100,508	-	-	-	131,348
Unallocated assets							46,603,002
Total consolidated assets (audited)							462,542,131
Liabilities							
Segment liabilities	131,545,710	17,922,262	31,122,629	25,297,597	6,744,977	-	212,633,175
Unallocated liabilities							71,284,533
Total consolidated liabilities (audited)							283,917,708

- (e) *A reconciliation of total adjusted profit before finance costs, income tax expense, depreciation and amortisation and corporate items, is provided as follows:*

	Six months ended 30 June	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (restated) (unaudited)
Adjusted EBITDA for reportable segments	20,256,207	27,634,071
Adjusted EBITDA for other segments	(449,031)	(2,005,068)
Total segments profit	19,807,176	25,629,003
Depreciation of property, plant and equipment	(5,387,965)	(4,914,562)
Depreciation of right-of-use assets	(1,179,910)	(1,210,816)
Amortisation of intangible assets	(660,335)	(712,861)
Corporate items	95,403	15,567
Operating profit	12,674,369	18,806,331
Finance costs, net	(3,014,189)	(3,272,372)
Share of results of associates	1,915,171	1,855,684
Share of results of joint ventures	(1,685)	(392)
Profit before income tax	11,573,666	17,389,251

4 INVESTMENT AND OTHER INCOME, NET

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(restated) (unaudited)
Decrease in fair value of financial assets at fair value through profit or loss, net	(1,003,565)	(535,773)
Decrease in fair value of derivative financial instruments, net	(21,446)	(11,942)
Government subsidies:		
– VAT refunds (<i>Note (a)</i>)	504,038	620,427
– Government grants (<i>Note (b)</i>)	768,744	543,630
– Interest subsidy	–	4,775
Net rental income	110,657	112,695
Gain on disposal of property, plant and equipment:		
– Gain on disposal of property	85,147	43,192
– Others	558,140	221,175
Gain on disposal of intangible asset	201,011	132,786
Gain on disposal of other investments	–	19,988
Gain on disposal of subsidiaries, net	1,966	3,220
Gain on deemed disposal of subsidiaries	290,008	–
Loss on disposal of associates	–	(2,253)
Gain on deemed disposal of associates	30,692	–
Technical and other service income	289,786	181,913
Claims received	39,031	78,154
Waiver of payables	28,236	24,769
Discount on acquisition of interests in subsidiaries	–	12,943
Others	186,455	174,653
	2,068,900	1,624,352

Notes:

- (a) The State Council of the PRC issued a “Notice Encouraging Comprehensive Utilisation of Natural Resources” (the “Notice”) in 1996 to encourage and support enterprises, through incentive policies, to comprehensively utilise natural resources. Pursuant to the Notice, the Ministry of Finance and the State Administration of Taxation of the PRC enacted several regulations providing incentives in form of VAT refund for certain environmentally friendly products, including products that utilise industrial waste as part of their raw materials. Under the Notice and such regulations, the Group is entitled to receive immediate or future refund on any paid VAT with respect to any eligible products as income after it receives approvals from the relevant government authorities.
- (b) Government grants are awarded to the Group by the local government agencies as incentives primarily to encourage the development of the Group and the contribution to the local economic development.

5 FINANCE COSTS, NET

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	2,111,210	2,352,591
Interest expenses on lease liabilities	66,509	93,204
Interest expenses on bonds and other borrowings	1,301,918	1,359,384
Less: interest capitalised to construction in progress	(74,086)	(137,256)
	3,405,551	3,667,923
Interest income:		
– interest on bank deposits	(357,876)	(201,465)
– interest on loan receivables	(33,486)	(194,086)
	(391,362)	(395,551)
Finance costs, net	3,014,189	3,272,372

6 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(restated) (unaudited)
Depreciation of:		
Property, plant and equipment	5,387,965	4,940,562
Investment properties	15,254	12,513
Right-of-use assets	1,179,910	1,210,816
	6,583,129	6,163,891
Amortisation of intangible assets	660,335	713,136
Total depreciation and amortisation	7,243,464	6,877,027
Impairment loss on goodwill	–	27,884
Impairment loss on property, plant and equipment	32,533	255,332
Impairment loss on intangible assets	–	1,776
Cost of inventories recognised as expenses	86,604,680	88,098,277
Staff costs	10,200,523	10,359,972
Gain on disposal of property, plant and equipment, investment properties and intangible assets, net	(844,298)	(397,156)
Net foreign exchange (gain)/losses	(38,587)	204,676

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(restated) (unaudited)
Current income tax	2,394,709	3,899,810
Deferred income tax	(436,563)	306,380
	1,958,146	4,206,190

PRC income tax is calculated at 25% (2021: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC, except for certain subsidiaries of the Company, which are exempted or taxed at preferential rate of 15% (2021: 15%) entitled by the subsidiaries in accordance with relevant tax rules and regulations in the PRC or approvals obtained by the tax bureaus in the PRC.

Taxation on profits outside the PRC has been calculated on the estimated assessable profits for the six months ended 30 June 2022 and 2021 at the rates of taxation prevailing in the countries in which the Group operates.

8 DIVIDENDS

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Dividends	5,845,296	3,964,342

During the period, dividend of RMB0.693 per share amounting to approximately RMB5,845.30 million in aggregate (six months ended 30 June 2021: RMB0.47 per share, amounting to approximately RMB3,964.34 million in aggregate) was announced as the final dividend for the immediate preceding financial year.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (Interim dividend for the six months ended 30 June 2021: RMBnil).

9 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(restated)
	(unaudited)	(unaudited)
Profit attributable to owners of the Company	5,447,595	7,918,748
	Six months ended 30 June	
	2022	2021
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares in issue	8,434,771	8,434,771

No adjustments to the above data has been made in calculating diluted earnings per share as the Group did not have any potential ordinary shares outstanding during both periods.

10 TRADE AND OTHER RECEIVABLES

	30 June 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (audited)
Trade receivables, net of allowance for credit losses	54,809,534	49,469,459
Bills receivable	15,499,961	18,860,965
Contract assets	3,625,371	3,649,599
Other receivables, deposits and prepayments	19,815,816	18,627,468
	93,750,682	90,607,491
	30 June 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (audited)
Analysed for reporting purposes:		
Non-current portion	2,601,052	3,604,945
Current portion	91,149,630	87,002,546
	93,750,682	90,607,491

The Group normally allowed an average of credit periods of 60 to 180 days to its trade customers except for customers of engineering services segment, for which the credit periods are normally ranging from 1 to 2 years. The ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date is as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within two months	14,449,727	9,099,460
More than two months but within one year	28,423,248	28,292,532
Between one and two years	8,522,295	8,874,733
Between two and three years	1,792,102	2,069,393
Over three years	1,622,162	1,133,341
	54,809,534	49,469,459

The carrying amounts of trade and other receivables approximate to their fair values. Bills receivable is aged within six months.

11 TRADE AND OTHER PAYABLES

The ageing analysis of trade payables, based on invoice date, is as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within two months	18,095,266	10,160,464
More than two months but within one year	19,199,196	23,833,426
Between one and two years	3,648,020	2,725,551
Between two and three years	928,324	1,259,834
Over three years	1,955,963	2,079,394
Trade payables	43,862,769	40,058,669
Bills payable	19,364,347	18,684,321
Contract liabilities	10,996,032	12,317,944
Other payables	23,256,222	27,479,027
	97,479,370	98,539,961

The credit period on purchase of goods and services provided from suppliers is 90 to 365 days. Bills payable is aged within six months.

The carrying amounts of trade and other payables approximate to their fair values.

12 EVENT AFTER THE REPORTING PERIOD

On 12 August 2022, Sinoma International Engineering Co., Ltd., a non-wholly owned subsidiary of the Company (“**Sinoma International**”) and Building Materials Academy entered into a letter of intent of cooperation (“**Letter of Intent of Cooperation**”), in relation to a proposed acquisition (“**Proposed Acquisition**”), where Sinoma International proposed to acquire 100% of the equity interest in Hefei Cement Research & Design Institute Corporation Ltd. (“**Hefei Institute**”) held by Building Materials Academy by way of a combination of issuing new shares of Sinoma International and cash as consideration. Hefei Institute will become the Company’s indirect subsidiary and the Company’s ownership interest in Sinoma International will be decreased upon the completion of the Proposed Acquisition. As at the date of this announcement, the Proposed Acquisition has not been completed yet.

BUSINESS REVIEW AND PROSPECTS

The major operating data of each segment of the Group for the six months ended 30 June 2022 and 30 June 2021 are set out below:

BASIC BUILDING MATERIALS SEGMENT

	For the six months ended 30 June		
	2022	2021	Growth rate
Sales volume – cement (<i>in thousand tonnes</i>)	127,965	155,719	-17.8%
Sales volume – clinker (<i>in thousand tonnes</i>)	18,034	21,119	-14.6%
Total sales of cement and clinker (<i>in thousand tonnes</i>)	145,998	176,837	-17.4%
Average selling price – cement (<i>RMB per tonne</i>)	355.2	327.8	8.4%
Average selling price – clinker (<i>RMB per tonne</i>)	332.5	300.3	10.7%
Average selling price of cement and clinker (<i>RMB per tonne</i>)	352.4	324.5	8.6%
Sales volume – commercial concrete (<i>in thousand m³</i>)	39,456	51,845	-23.9%
Average selling price – commercial concrete (<i>RMB per m³</i>)	448.1	453.7	-1.2%
Sales volume – aggregate (<i>in thousand tonnes</i>)	58,083	43,281	34.2%
Average selling price – aggregate (<i>RMB per tonne</i>)	44.3	45.7	-3.1%

NEW MATERIALS SEGMENT

	For the six months ended 30 June		
	2022	2021	Growth rate
Gypsum board			
Sales volume (<i>in million m²</i>)	1,091.7	1,158.9	-5.8%
Average selling price (<i>RMB per m²</i>)	6.30	5.48	15.0%
Glass fiber yarn			
Sales volume (<i>in thousand tonnes</i>)	1,406	1,451	-3.1%
Average selling price (<i>RMB per tonne</i>)	6,939	5,863	18.4%
Wind power blade			
Sales volume (<i>MW</i>)	7,535	6,591	14.3%
Average selling price (<i>RMB per MW</i>)	484,863	698,165	-30.6%
Lithium battery separator			
Sales volume (<i>in million m²</i>)	496.7	285.4	74.0%
Average selling price (<i>RMB per m²</i>)	1.45	1.61	-9.9%
Waterproofing membrane			
Sales volume (<i>in million m²</i>)	73.5	77.2	-4.8%
Average selling price (<i>RMB per m²</i>)	16.10	17.00	-5.3%
Carbon fiber			
Sales volume (<i>in thousand tonnes</i>)	3.9	2.0	95.0%
Average selling price (<i>RMB per tonne</i>)	220,027	187,477	17.4%

ENGINEERING TECHNOLOGY SERVICE SEGMENT

	For the six months ended 30 June		
	2022	2021	Growth rate
Engineering service income (RMB in millions)	18,120.7	20,676.8	-12.4%

OVERVIEW OF THE FIRST HALF OF THE YEAR

DEVELOPMENT ENVIRONMENT

In the first half of 2022, the complexity, severity and uncertainty of the domestic and foreign environment increased, multiple risks and challenges were intertwined, and the downward pressure on the economy continued to increase. The Chinese government has effectively implemented a basket of policies to stabilize the economy and overcome the impact of unexpected factors. The economic operation has stabilized and recovered, and the trend of high-quality development has continued. In the first half of 2022, the GDP increased by 2.5% year-on-year, and the investment in fixed assets increased by 6.1% year-on-year; As an important starting point for steady economic growth, infrastructure investment grew steadily with a year-on-year increase of 7.1%, while real estate investment recorded negative growth, representing a year-on-year decrease of 5.4%.

Benefiting from the “Double Carbon” target and the transformation of the energy system, the supply-side structural reform and transformation and upgrade of the basic building materials sector accelerated, new development opportunities were ushered in the field of new energy and new materials, the exploration of green development paths was promoted, and the pace of green and low-carbon transformation in the building materials industry accelerated.

OPERATION IN THE FIRST HALF OF 2022

In the first half of 2022, the Group actively responded to the “triple pressure” of economic development, steadily advanced various tasks, and maintained a development trend of steady progress and improvement in quality. The quality of operation was stable while improving, lean operation focused on “efficiency enhancement”, refined management focused on “cost reduction” and refined organization focused on “pressure reduction”. The “tripartite confrontation” pattern has been improved, the integration and optimization of basic building materials have achieved remarkable results, the economic benefits and the industrial layout of new materials have achieved breakthroughs, and engineering and technical services have been consolidated and improved; innovation and transformation have boosted development, the pace of digital and intelligent upgrade has been accelerated, and the development of green energy has continued to grow. The Group has deepened the reform to improve efficiency, the three-year reform of state-owned enterprises has been completed in an all-round way, and the modern enterprise system with Chinese characteristics and market-oriented operation mechanism has been further improved; Party building and operation have been deeply integrated and effectively transformed into governance efficiency and the Group continued to strengthen value management. The Parent increased its holdings of 0.99% of the Company’s total share capital through CNBM United Investment, the Company increased its holdings of 1.47% of Ningxia Building Materials’ total share capital and 1.69% of Qilianshan’s total share capital. The resolution on repurchase of H shares was considered and approved at the general meeting, and the Board was authorized to implement such resolution.

Basic building materials segment

In the first half of 2022, due to the spread of the domestic pandemic, the weak macroeconomic environment, the lack of funds for infrastructure projects, and the expansion of the decline in real estate investment across the country, the demand for the basic building materials sector contracted, and the national cement output was 977 million tons, representing a year-on-year decrease of 15%; the raw and fuel materials purchase price has remained high, and the production cost has increased significantly. The industry continued to push forward the supply-side structural reform and actively responded to the two-way squeeze on the demand side and the cost side, with the total industry-wide profit of RMB42.2 billion, representing a year-on-year decrease of 42%.

Facing the severe external environment, the Group implemented industry self-regulation, promoted accurate stagger peak production in sub-regions and maintained the industry ecological construction; firmly implemented the operating concept of “PCP”, optimized the market operation strategy, promoted strategic cooperation with large customers, and consolidated the benefit base; pushed forward the promotion operation of benchmarking world-class management, strengthened refined benchmarking of production and operation, refined management of procurement and refined management of finance, firmly reduced the “two financial indices” and further reduced cost to increase benefit; promoted industrial upgrade to create new value, increased the profit contribution of “Cement +” business, and enhanced resources reserve of aggregate.

Business integration proceeded smoothly and orderly. The New Tianshan Cement Headquarters and 15 regional companies (including the entrusted North Cement) have completed the establishment of organizational structure, staffing, division of production capacity regions, handover of factory management, establishment of operation and management systems, and started management consulting and informatization upgrading and digital transformation planning projects; which has promoted the equity integration of regional companies, further developed trusteeship with North Cement and steadily implemented the second phase of business integration of the basic building materials segment.

New materials segment

Gypsum board

In the first half of 2022, the supply of gypsum board industry was stable, the sporadic spread of the pandemic and the decrease of the completed real estate area affected the market demand. The price of raw materials and energy fluctuated at a high level, the production cost of gypsum board increased, and the price rose steadily.

BNBM focused on the market, implemented the operating concept of “PCP”, carried out comprehensive benchmarking and optimization around quality improvement and efficiency enhancement, promoted the “ten cents” cost-saving plan, implemented regional differentiated cost control, and absorbed the upward pressure of raw materials. BNBM adjusted the internal management organization structure, built a “three-tiered management structure” of headquarters, segment companies and production bases, and strived to promote the transformation to “a refined headquarters, a middle platform and a strong business”; pushed forward the key core technology research and undertook the project of “low carbon and intelligent manufacturing key technology of high performance gypsum-based materials”. The layout of international business has been steadily promoted, and projects in Bosnia and Herzegovina, Thailand and Uzbekistan have proceeded smoothly.

Glass fiber

In the first half of 2022, despite many adverse factors such as the sporadic domestic pandemic and high energy prices, the glass fiber industry continued its high boom in 2021, benefiting from the growth in demand for lightweight automotive products, wind power and other sectors, as well as the accelerated recovery of overseas markets.

China Jushi adjusted its production capacity, products and sales structure according to market demand, increased the proportion of high-tech and difficult-to-produce products, and transformed its production advantages into competitive advantages; took intelligent manufacturing as the benchmark, actively promoted the benchmarking of world-class work, and precisely controlled and reduced costs with the in-depth promotion of automation, digitalization, intelligence and future factory construction, which led to smooth ignition of new lines in Tongxiang and Chengdu, and steady progress in the construction of new lines in Jiujiang and Egypt bases. China Jushi focused its innovation research and development, and its Glass Fiber Research Institute was re-established to further improve the innovation level, and its invention patent was shortlisted for the 23rd China Patent Award.

Taishan Fiber Glass has continuously optimized its production capacity and product mix, improved the high-value-added products and increased the market share of high-end market, tapped the potential of key customers in depth, and ensured that the volume and price of high-quality customers at the terminals were stable and seized the opportunities in overseas markets to speed up the recovery thus increased the proportion of exports; accelerated the layout of the new base, such as the 60,000-ton spun yarn project of Zoucheng Line 6 was put into production, and the incremental layout was planned under the guidance of differentiation and high-end, speeding up to tackle “bottleneck” technology research, and a number of new materials were used in major national projects.

Wind power blade

In the first half of 2022, the scale of bidding for wind power projects reached 53.46GW, representing a year-on-year increase of 70%. However, the installation progress lagged behind due to the impact of the pandemic and has resumed since June. Industry competition led to continued pressure on profitability. At present, the bidding price of wind power gradually stabilizes, and there is still a gap in the supply of large and light-weight blades.

Sinoma Blade took various measures to cope with the periodic fluctuations, iterated over the large-size products to quickly seize the market, and actively adopted various measures such as competitive bidding and centralized procurement to improve the cost control capability; deeply explored the domestic market to start the production base projects of Yulin in Shaanxi, Yangjiang in Guangdong and Yiwu in Xinjiang. The first overseas base was located in Brazil, and the establishment of the company and the pre-deployment of the team were completed with the forward-looking layout. Sinoma Blade was awarded the “Manufacturing Industry Champion Demonstration Enterprise” by the MIIT.

China Composites strengthened upstream and downstream cooperation in the industrial chain, seized market opportunities by taking advantage of the technological advantages of super-large blades, and fulfilled orders from key customers; adhered to scientific and technological innovation, paid close attention to the development of super-large new blade type products, including that the 110m offshore wind turbine blades have been successfully rolled off the production line, and the first domestic 20MW blade full-size structure testing platform has been steadily constructed to promote the adjustment and upgrade of product structure; steadily pushed forward the “coastal and overseas” strategy layout, focused on the offshore blade and low wind speed blade industry, and actively laid out the Dongying offshore wind turbine blades production base.

Lithium battery separator

In the first half of 2022, benefiting from the downstream market demand such as new energy vehicles and energy storage, lithium battery separator shipments maintained a rapid growth. The pace of expansion of domestic mainstream enterprises’ production capacity has accelerated, but the industry is still in a tight balance between supply and demand, with stable market prices.

Sinoma Lithium Membrane kept a close eye on the rising market period, deeply bound strategic customers and successfully entered the supply chain system of leading customers; with lean operation and quality as the starting point and equipment and technology as the support, stabilized production line, improved yield rate and lowered cost; continued to develop new products and technologies, promoted patent distribution, continuously increased the proportion of high value-added products, and effectively integrated innovation chain with the industrial chain; clarified the overall production capacity planning path, speeded up the layout of production capacity, started the second phase project of Inner Mongolia Base in full swing, and accelerated projects such as Nanjing and Tengzhou.

Waterproof

In the first half of 2022, due to the downturn in the real estate industry together with the impact of the pandemic, the overall demand for waterproofing was sluggish, and the price competition was fierce. Meanwhile, as the price of raw materials such as asphalt rose, the pressure on production costs increased, and enterprise differentiation further accelerated.

The waterproof business further focused on high-quality customers and projects and strictly controlled risks; established a system to lay a solid foundation for research, and successfully researched, developed, and produced new products of double-layer tire-based asphalt coiled materials and improved product competitiveness through on-site refined management, development and introduction of new products and other measures. The waterproof material products were certified as China Green Building Materials Product, which promoted green and low-carbon transformation and upgrade.

Carbon Fiber

In the first half of 2022, the overall carbon fiber market showed a steady increase trend. Under the background of Double Carbon, the demand for new energy sources such as hydrogen energy and photovoltaic has grown rapidly, among which carbon fiber has been in great demand in the fields of carbon/carbon composites and pressure vessels; demand in the fields of aerospace, sports and leisure, and transportation construction has grown steadily. There was a supply gap in the product lines of T700 grade and above, and prices are stable but with increment.

Zhongfu Shenyong was successfully listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 6 April, becoming the first carbon fiber company listed on the Science and Technology Innovation Board. Zhongfu Shenyong speeded up to tackle the “bottleneck technology” research, its T800 grade carbon fiber has been pre-approved by COMAC PCD; Zhongfu Shenyong has continuously promoted the development of high-end application in the downstream industry chain, and the application verification of prepreg is progressing smoothly. The business layout has expanded rapidly. The Xining Carbon Fiber Base reached its anticipated capacity and was profitable after the first phase was put into operation, and the second phase construction has been accelerated. The construction of the Lianyungang Aerospace High Performance Carbon Fiber and Precursor Pilot Line Project was completed, and the equipment for the first phase of the Carbon Fiber Aviation Application Research and Development and Manufacturing Project of the Shanghai Base were successively in place on site.

Engineering Technical Services Segment

In the first half of 2022, the global cement overcapacity combined with Russia-Ukraine conflict and pandemic has limited demand for EPC for the whole line, but “green, low-carbon, intelligent and sustainable development” have become the consensus of the global cement industry with a large market space for technological transformation, and cement enterprises continued to release demand for new technologies and equipment.

Sinoma International overcame the impact of the pandemic, effectively pushed forward the global projects under implementation on schedule, further consolidated its core advantages and increased the number of new contracts against the trend; and strengthened the research on low-carbon technology. Low carbon and environmental protection technology developed by CCDRI fully served the “Two Highs” technological transformation. Sinoma Mining jointly constructed 8 Zero Purchased Power Mines with owners; deeply engaged in localized operation with 36 overseas localized companies and a local employment rate of over 66%.

REFORM

The Group has deepened the reform, completed the main task of the three-year campaign to reform state-owned enterprises, insisted on reform-empowered development, closely combined the reform with the construction of world-class material enterprises so as to enhance the comprehensive effectiveness of the reform and continue to stimulate activities to release driving forces.

The Group continued to improve the modern enterprise system with Chinese characteristics. The Group made a list of matters to be decided by the three committees, clarified the boundaries of power and responsibility of the Party committee, the board of directors and the management; put the implementation plan of the authority of the board of directors into practice and gave full play to the role of the board of directors in “determining strategies, making decisions and preventing risks”; The Management System for Authorization from the Board of Directors to the Managers was formulated at all levels, promoting the exercise of power by the managers to perform their duties in accordance with the law and to improve the efficiency of business decisions.

The Group developed the market-oriented operation mechanism. The reform of the Three Systems and the Three Channels continued to deepen, and a new round of tenure system and contractual signing of management members were completed at all levels; further promoted the marketization of employment, for instance, Sinoma International’s 201 managers competed for posts, with the exit rate increasing by 4.6% year on year. The Group did stage-by-stage assessment of pilot work on differentiated control of relatively controlled mixed ownership enterprises.

The Group accelerated the improvement and development of a multi-level incentive system. The Group made full use of the five categories and nine incentive toolboxes to further establish a precise and diversified medium and long-term incentive mechanism. In the first half of 2022, Sinoma International initiated a new phase of restricted share incentive scheme, and promoted posts dividends in science and technology enterprises for its affiliated companies.

The Group gave full play to the leading role of the “Double Hundred” and “Technologically-reformed Demonstration Enterprise”. In March 2022, TCDRI, Industrial Ceramics Institute, Suzhou Nonmetallic Minerals and NRDI were newly added in the list of “Technologically-reformed Demonstration Enterprise”. In the 2021 special assessment of the State-owned Enterprise Reform Leading Group Office of the State Council, Sinoma International’s assessment result of the “Double Hundred” was “benchmarking” and Beijing Composite’s assessment result of “Technologically-reformed Demonstration Enterprise” was “excellent”. BNBM introduced representatives of non-public shareholders to the Board, giving full play to the positive role of non-public shareholder directors in corporate governance.

INNOVATION-DRIVEN AND GREEN DEVELOPMENT

The Group has adhered to the self-reliance and self-improvement of science and technology, given play to the supporting and leading role of technological innovation, which has accelerated the construction of a long modern industrial chain and formed a strong impetus for innovation. The Group’s resolute implementation of the “Double Carbon” has deepened green development with low-carbon technologies layout, and accelerated energy substitution.

Innovation-driven strategies have proven to be successful. The key core technologies have achieved fruitful results. Self-developed heat-resistant materials, high-strength yarn and special coatings have been successfully used for key components such as Shenzhou XIV and Long March II, and new building materials and hydrogen storage materials have been widely used in the construction of green winter Olympics. The independently developed aerogel thermal insulation materials have been applied in the Group’s cement clinker production line on a pilot basis with the accelerated pace of integration of the innovation chain and the industrial chain. Significant results have been achieved in the construction of the new platform and team, and steady progress has been made in the reorganization of the State Key Laboratory of High-Performance Fiber Composites. As of the end of June 2022, a total of 11,800 patents were in force and 2 international standards were established or revised by the Group.

The Group vigorously promoted green and low-carbon. The Group adhered to the sustainable development and actively carried out the coordinated disposal of cement kilns with 52 projects of coordinated disposal of cement kilns in operation and under construction and with an annual disposal scale of 5.27 million tons. Hefei South has built the first domestic demonstration line of cement green low-carbon technology and equipment, with all indicators superior to the national standard Grade I energy efficiency, and Qingzhou China United's 200,000-ton carbon capture and purification demonstration line advanced steadily. The Group vigorously developed green energy with 9 "photovoltaic+" energy plants and large offshore wind turbine blades with a maximum length of 110m were successfully rolled off the production line. The Group comprehensively carried out the "Two Highs" governance, and deployed special actions for environmental protection and compliance in key areas. As of the end of June 2022, the Group had 44 national-level green mines, 80 other-level green mines, 83 national-level green factories and 59 provincial-level green factories.

The Group made significant achievements in terms of digital industrialization. The Group strengthened the development driven by digital intelligence. Tianshan Cement and Sinoma International jointly prepared and released the standards for intelligent factories and smart mines, issued the guidelines for digital transformation, and advanced the construction of industrial internet platform, smart supply chain platform and big data center by using new technologies such as internet, big data and AI. The Group focused on building a digital operation system, for instance, the "Finding Car" platform has accumulated 900,000 heavy trucks and nearly 1,000 ships, Ningxia Building Materials has accelerated the construction of an Internet Industrial Park data center, and TCDRI has built a digital platform for the whole business chain. As of the end of June 2022, a total of 101 enterprises integrating the two technologies have been established and 39 intelligent cement and glass fiber production lines have been completed.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

From a global perspective, the progress of economic recovery is still uncertain; as for China, the foundation for economic recovery is not yet stable; from an industry perspective, the basic building materials industry is significantly influenced by the macroeconomic, and the development of new materials industry is not balanced. In the second half of 2022, with the new round of stabilizing growth policy being strengthened, China's economy entered a recovery phase with a step-by-step basis, bringing stable market support for the building materials industry, which remained in a booming period in general; green and low-carbon, digital economy and intelligent manufacturing will further deepen the transformation and upgrade; however, there are still challenges brought by high fluctuations in raw material prices.

The Group adhered to a goal-oriented approach, maintained its strength, and based on accelerating the construction of a world-class material enterprise, further implemented various works such as seeking progress in a stable manner, optimizing and upgrading, innovation-driven, deepening reform and value management:

Firstly, the Group will adhere to seek progress in a stable manner and devote to stabilize growth. We will strengthen the refinement of operation, deeply implement the concept of "PCP", and maintain the ecology of the industry; strengthen the refinement of management, comprehensively strengthen the bench marking management, and further realize the improvement of quality and efficiency; strengthen the organizational refinement, reduce the number of management hierarchy and legal entities, and improve efficiency through business adjustment and flat management.

Secondly, the Group will insist on optimization and upgrade to enhance the competitiveness of the main business. The Group will optimize the path of the basic building materials segment, grasp the three tail-raising factors of Cement+, internationalization and double carbon, focus on the optimization of the stock, accelerate the optimization and upgrade with incremental benefits, and steadily improve the quality of operation; optimize the structure of the new materials segment, accelerate the business layout of mature and advantageous products, and cultivate a globally competitive main business layout for new materials; optimize the quality of the engineering and technical services segment, provide services for the Group and the industry in energy saving and emission reduction, digital and intelligent transformation, and provide support for international business expansion.

Thirdly, the Group will insist on innovation-driven and cultivating new momentum for development. The Group will accelerate the breakthrough of a batch of “bottleneck” of key core technologies to realize the transformation of innovation results to productivity; seize the opportunity of low-carbon development, target the incremental market of industrial upgrade, and construct a green and low-carbon industrial chain; optimize the technology and capacity system of digital and intelligent, and accelerate the implementation of smart factory construction planning and standards.

Fourthly, the Group will deepen the reform and push forward the extension of reform to a deeper level. The Group will refine and summarize its experience and practice from the three-year action plan for the reform, form a long-term mechanism and consolidate the reform achievements; deepen the reform of the Three Systems and actively apply medium- and long-term incentive tools to further stimulate development momentum; promote a more mature and established modern enterprise system, and better balance the relationship between the standardized operation of the board of directors and management efficiency; promote professional integration in an orderly manner, consolidate the industrial platform and realize a more focused main business, clearer business and more prominent core competencies.

Fifthly, the Group will strengthen value management. The Group will adhere to the value management concept of enhancing intrinsic value as the core, take into account both value creation and value realization, promote in-depth capital operation, and facilitate the matching of intrinsic value and market value; adhere to the coordination and linkage between the industrial market and the capital market, and promote more high-quality assets to connect to the multi-level capital market with the platform of the Parent’s state-owned capital investment company.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

MATERIAL TRANSACTIONS

The Deemed Disposal of Equity Interest in Tianshan Cement

From 11 to 13 January 2022, Tianshan Cement (an A-share listed subsidiary of the Company) entered into a subscription agreement with each of the independent subscribers, in connection with Tianshan Cement's proposed issue and allotment of new shares of Tianshan Cement to such independent subscribers in consideration for cash (the "Subscriptions"). The issue and allotment of such subscription shares by Tianshan Cement to the said independent subscribers would result in a reduction of the Company's percentage of equity interests in Tianshan Cement for approximately 3.19% (after rounding adjustments), and therefore constituted a deemed disposal of the Company pursuant to Rule 14.29 of the Listing Rules.

The Subscriptions will facilitate the provision of funding to Tianshan Cement which is intended to be used for replenishment of general working capital, repayment of debts and settlement of fees incurred for the previous restructuring of cement assets.

For details of the deemed disposal of equity interest in Tianshan Cement, which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, please refer to the Company's announcement dated 9 February 2022. As of the date of this announcement, the transaction under the deemed disposal of equity interest in Tianshan Cement has been completed.

Successful Bidding for the Mining Rights

On 27 April 2022, CNBM Chizhou New Materials Co., Ltd.* (池州中建材新材料有限公司) ("CNBM Chizhou"), a non-wholly owned subsidiary of the Company, won the bid for the mining rights of the Hengshan mine and peripheral cement limestone mine in Guichi District Chizhou, Anhui Province for a term of 21 years from the date of obtaining the mining license (the "Mining Rights") from the Chizhou Natural Resources and Planning Bureau through public listing-for-sale for an assignment price of RMB2,484.0000 million (equivalent to approximately HK\$2,971.1852 million). In addition, CNBM Chizhou is obliged to undertake to perform certain obligations and bear the relevant fees. Accordingly, the total expenses in respect of the successful bidding of the Mining Rights and subsequent construction of production lines will be approximately RMB9.151 billion (equivalent to approximately HK\$10.946 billion). On 29 June 2022, Tianshan Cement (indirectly holds 60% of the equity interests in CNBM Chizhou) passed a board resolution to approve that the estimated amount of funds required in respect of the successful bidding of the Mining Rights and the subsequent construction of production lines will be adjusted from approximately RMB9.151 billion (equivalent to approximately HK\$10.946 billion) to approximately RMB10.613 billion (equivalent to approximately HK\$12.421 billion).

This project aligns with the industrial policy requirements for the development of the national sand and gravel aggregate industry, and the Company's development strategy needs and aggregate development plan. It is conducive to occupying the core market in the Yangtze River Delta region covering Suzhou, Wuxi, Changzhou, Nanjing, etc. This project utilises the advantages of regional location, resources and cost to enhance CNBM Chizhou's comprehensive product competitiveness in the market, thereby enhancing the profitability and anti-risk capability of the enterprise.

For details of the successful bidding for the mining rights, which constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, please refer to the Company's announcements dated 27 April 2022 and 29 June 2022. As of the date of this announcement, the transaction under the successful bidding for the mining rights has been completed.

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

For the six months ended 30 June 2022, the Company and its subsidiaries had no purchase, sale or redemption of listed securities ("securities" having the meaning ascribed by the Listing Rules) of the Company.

CORPORATE GOVERNANCE CODE

The Company complied with the code provisions set out in Part 2 of the CG Code during the six months from 1 January 2022 to 30 June 2022.

SPECIAL COMMITTEES UNDER THE BOARD

The Strategic Steering Committee

The Company has established a strategic steering committee which comprises four Directors, including two executive Directors, one non-executive Director and one independent non-executive Director. The strategic steering committee is responsible for studying and reviewing the Company's operation objectives and long-term development strategies, business and organisational development proposals, major investing and financing plans and other material matters that will affect the development of the Company; supervising and inspecting the implementation of the annual operation plan and investing plans under the authorisation of the Board; and making recommendations to the Board. During the Reporting Period, the strategic steering committee has reviewed the operation of the Company for the year of 2021, proposals relating to the working arrangement in 2022 and proposal on the adjustment of the Company's structure.

Nomination Committee

The Company has established a nomination committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the nomination committee are in compliance with the provisions of the CG Code. The nomination committee is responsible for, among other things, the annual review of the structure, size and composition of the Board (in terms of techniques, knowledge and experience) as directed by the board diversity policy, providing recommendations to the Board in respect of any adjustments to be made in accordance with the Company's strategies and examining the selection criteria and procedures for the appointment of Directors and senior management, and reviewing the qualifications and conditions of Directors and senior management. During the Reporting Period, the nomination committee has reviewed and approved three proposals in total, including the structure, size and composition of the Board and the special committees, diversity of the Board as well as the independence of the independent non-executive Directors, the appointment of secretary to the Board and joint company secretaries and the adjustment of directors and supervisors of subsidiaries.

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

Remuneration and Performance Appraisal Committee

The Company has established a remuneration and performance appraisal committee which comprises three Directors, including one executive Director and two independent non-executive Directors. The terms of reference adopted by the remuneration and performance appraisal committee are in compliance with the provisions of the CG Code. The remuneration and performance appraisal committee is responsible for recommending the specific remuneration and reviewing the performance of the Directors and senior management, based on the remuneration and performance appraisal management policies and framework pertaining to Directors and senior management which have been formulated by the Board. During the Reporting Period, the remuneration and performance appraisal committee has reviewed the remuneration of the senior management members of the Company for 2021.

Audit Committee

The Company has established an audit committee which comprises three Directors, including three independent non-executive Directors, one of whom possesses the appropriate professional qualification and accounting and related financial management experience. The terms of reference adopted by the audit committee are in compliance with the provisions of the CG Code. The principal duties of the audit committee include reviewing the Company's external auditors and their work, the Company's financial reporting procedures, internal control and risk management, and formulating and reviewing the corporate governance policy and its practice and disclosure. During the Reporting Period, the audit committee has listened to the work report of the secretariat of the Board on the intersessional work of the committee, the work report of the audit department on the self-assessment of the quality of the Company's internal audit work, the audit department's internal audit work summary for the year 2021 and report on the internal audit work plan for the year 2022, and the report of the management on the operation management and business development for the year 2021, and reviewed the appointment of auditors for the year 2022, the determination of the annual audit fee for the year 2021, and the 2022 interim report of the Company.

MODEL CODE

The Company has adopted a set of code of practice on terms no less exacting than the standards as required under the Model Code. The code of practice also applies to the Supervisors. Having made specific enquiries with all Directors and Supervisors, the Company confirmed that all the Directors and Supervisors had complied with the required standards regarding securities transactions by Directors set out in the Model Code and Code for Securities Transactions of China National Building Material Company Limited during the Reporting Period.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Beijing Composite”	北京玻鋼院複合材料有限公司(Beijing Composite Materials Co., Ltd.)
“BNBM”	北新集團建材股份有限公司(Beijing New Building Material Public Limited Company)
“Board”	the board of directors of the Company
“CCDRI”	成都建築材料工業設計研究院有限公司(Chengdu Design & Research Institute of Building Materials Industry Co., Ltd.)
“Cement+”	to develop, optimize and expand cement, commercial concrete, aggregate businesses which are the extension of industry chain of cement-related products and the new focal point of profit growth
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China Composites”	中國複合材料集團有限公司(China Composites Group Corporation Limited)
“China Jushi”	中國巨石股份有限公司(China Jushi Co., Ltd.) (previously known as 中國玻纖股份有限公司 China Fiberglass Company Limited)
“CNBM United Investment”	中建材聯合投資有限公司(CNBM United Investment Co., Ltd.)
“Company” or “CNBM”	中國建材股份有限公司(China National Building Material Company Limited)
“Director(s)”	the director(s) of the Company
“Domestic Shares”	the ordinary shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are subscribed for in RMB

“Group”	the Company and, except where the context otherwise requires, all its subsidiaries
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HKD
“IAS”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRIC”	International Financial Reporting Interpretations Committee
“IFRS”	International Financial Reporting Standards
“Industrial Ceramics Institute”	山東工業陶瓷研究設計院有限公司(Shandong Industrial Ceramics Research & Design Institute Co., Ltd.)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“MIIT”	中華人民共和國工業和信息化部(Ministry of Industry and Information Technology of the People’s Republic of China)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Ningxia Building Materials”	寧夏建材集團股份有限公司(Ningxia Building Materials Group Co., Limited)
“North Cement”	北方水泥有限公司(North Cement Company Limited)
“NRDI”	南京玻璃纖維研究設計院有限公司(Nanjing Fiberglass R&D Institute Co., Ltd.)
“Parent”	中國建材集團有限公司(China National Building Material Group Co., Ltd.*) (previously known as 中國建築材料集團有限公司 China National Building Materials Group Corporation)

“PCP”	Price – Cost – Profit
“PRC”	the People’s Republic of China
“Qilianshan”	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
“Reporting Period”	the period from 1 January 2022 to 30 June 2022
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Sinoma”	中國中材股份有限公司(China National Materials Company Limited), a joint stock company incorporated in the PRC with limited liability
“Sinoma Blade”	中材科技風電葉片股份有限公司(Sinoma Wind Power Blade Co., Ltd.)
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
“Sinoma Lithium Membrane”	中材鋰膜有限公司(Sinoma Lithium Membrane Co., Ltd.)
“Sinoma Mining”	中材礦山建設有限公司 (Sinoma Mining Construction Co., Ltd.)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Suzhou Nonmetallic Minerals”	蘇州中材非金屬礦工業設計研究院有限公司 (Suzhou Sinoma Design and Research Institute of Non-metallic Minerals Industry Co., Ltd.)
“Taishan Fiber Glass”	泰山玻璃纖維有限公司(Taishan Fiberglass Inc.)
“TCDRI”	天津水泥工業設計研究院有限公司 (Tianjin Cement Industry Design & Research Institute Co., Ltd.)

“Three Channels”	management sequence, professional sequence and support sequence
“Three Systems”	employees may be employed and dismissed, cadres may be promoted and demoted, and remuneration may be increased or decreased
“Tianshan Cement” or “New Tianshan Cement”	新疆天山水泥股份有限公司(New Tianshan Cement Co., Ltd.*), New Tianshan Cement refers to Xinjiang Tianshan Cement Co., Ltd. after business integration
“Two Highs”	high energy consumption and high emissions
“Zhongfu Shenying”	中復神鷹碳纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)

By Order of the Board
China National Building Material Company Limited*
Zhou Yuxian
Chairman

Beijing, the PRC
26 August 2022

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhou Yuxian, Mr. Chang Zhangli, Mr. Fu Jinguang, Mr. Xiao Jiaxiang and Mr. Wang Bing as executive directors, Mr. Li Xinhua, Mr. Wang Yumeng, Mr. Peng Shou, Mr. Shen Yungang and Ms. Fan Xiaoyan as non-executive directors and Mr. Sun Yanjun, Mr. Liu Jianwen, Mr. Zhou Fangsheng, Mr. Li Jun and Ms. Xia Xue as independent non-executive directors.

* *For identification purposes only*