

CNBM

China National Building Material Company Limited*

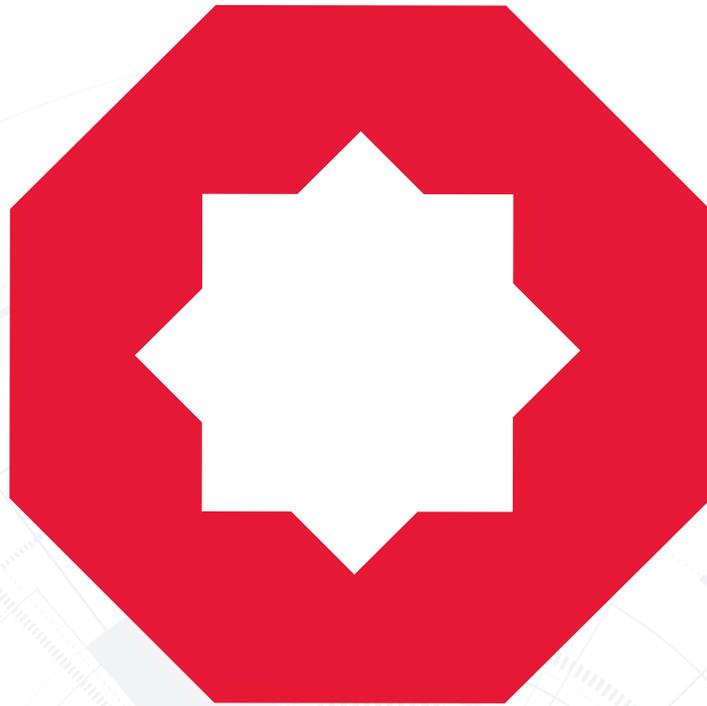
(Stock Code: 03323)

2022

Interim

Report 中期報告

* For identification only



Corporate Vision

**Being a world-class materials company,
and committed to value creation and shareholder returns**

Corporate Mission

Materials create a better world



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Corporate Profile

With Parent, BNBMG, CNBM Trading, Cinda and Building Materials Academy as Promoters, the Company was converted into a joint stock limited company on 28 March 2005. The Company's H Shares under the initial public offering were listed on the Stock Exchange on 23 March 2006 (Stock Code:03323) and approximately 150 million H Shares, 300 million H Shares and 240 million H Shares were placed on 9 August 2007, 5 February 2009 and 14 September 2010, respectively. The Company issued bonus shares on 13 June 2011 on the basis of ten bonus shares to be issued for every ten shares held by the Shareholders. On 2 May 2018, the Company and Sinoma completed the share exchange. As of 30 June 2022, the Company has a total issued share capital of 8,434,770,662 Shares.

The Group is mainly engaged in basic building materials, new materials and engineering technical services businesses. As regards the current market positions (in terms of the production capacity or contract amount on 30 June 2022), the Group is:

- the largest cement producer in the world;
- the largest commercial concrete producer in the world;
- the largest gypsum board producer in the world;
- the largest glass fiber producer in the world;
- the largest wind power blade producer in the world;
- the largest light steel stud producer in the world;
- the largest cement technical equipment engineering system integration service provider in the world.

DIRECTORS:

Executive Directors

Zhou Yuxian (*Chairman*)
Chang Zhangli (*President*)
Fu Jinguang
Xiao Jiaxiang
Wang Bing

Non-executive Directors

Li Xinhua
Wang Yumeng
Peng Shou
Shen Yungang
Fan Xiaoyan

Independent Non-executive Directors

Sun Yanjun
Liu Jianwen
Zhou Fangsheng
Li Jun
Xia Xue

STRATEGIC STEERING COMMITTEE:

Zhou Yuxian (*Chairman*)
Li Xinhua
Chang Zhangli
Zhou Fangsheng

Corporate Information (Continued)

NOMINATION COMMITTEE:

Zhou Yuxian (*Chairman*)
Sun Yanjun
Liu Jianwen

REMUNERATION AND PERFORMANCE APPRAISAL COMMITTEE:

Zhou Fangsheng (*Chairman*)
Sun Yanjun
Zhou Yuxian

AUDIT COMMITTEE:

Li Jun (*Chairman*)
Liu Jianwen
Xia Xue

SUPERVISORS:

Zhan Yanjing (*Chairman of the Supervisory Committee*)
Wei Rushan
Zhang Jianfeng
Li Xuan (*Independent Supervisor*)
Wei Jianguo (*Independent Supervisor*)
Zeng Xuan (*Staff Representative Supervisor*)
Yu Yuehua (*Staff Representative Supervisor*)
Du Guangyuan (*Staff Representative Supervisor*)

Secretary of the Board : Pei Hongyan

Joint Company Secretaries : Pei Hongyan
Lee Mei Yi (FCG, HKFCG)

Note: On 26 August 2022, the election of Mr. Zhou Yuxian as the Chairman of the Nomination Committee of the fifth session of the Board was considered and approved at the third meeting of the fifth session of the Board, with his term of office being the same as that of the fifth session of the Board.

The Company carries out the addition and replacement of Supervisors in accordance with relevant laws and regulations. On 30 May 2022, the appointment of Mr. Wei Jianguo as independent Supervisor and Mr. Zhang Jianfeng as Supervisor was considered and approved at the 2021 Annual General Meeting.

Corporate Information (Continued)

Authorised Representatives	:	Zhou Yuxian Pei Hongyan
Alternate Authorised Representative	:	Lee Mei Yi (FCG, HKFCG) (Law On Ching (ACG, HKACG), alternate to Lee Mei Yi)
Qualified Accountant	:	Pei Hongyan (FCCA)
Registered Address	:	Tower 2 (Building B), Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Principal Place of Business	:	21st Floor Tower 2, Guohai Plaza No. 17 Fuxing Road Haidian District, Beijing The PRC
Postal Code	:	100036
Place of Representative Office in Hong Kong	:	5/F, Manulife Place 348 Kwun Tong Road, Kowloon Hong Kong
Principal Bankers	:	Agricultural Bank of China Limited Bank of Communications Co., Ltd. China Construction Bank Corporation
PRC Legal Adviser	:	Jia Yuan Law Offices F408 Ocean Plaza 158 Fuxing Men Nei Street Xicheng District, Beijing The PRC

Corporate Information (Continued)

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

Definitions

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

“BBMG”	北京金隅資產經營管理有限責任公司 (BBMG Assets Management Co., Ltd.)
“Beijing Composite”	北京玻鋼院複合材料有限公司 (Beijing Composite Materials Co., Ltd.)
“Beijing Triumph”	北京凱盛建材工程有限公司 (Beijing Triumph Building Materials Engineering Co., Ltd.)
“Binzhou Cement”	黑龍江省賓州水泥有限公司 (Heilongjiang Binzhou Cement Company Limited)
“BNBM”	北新集團建材股份有限公司 (Beijing New Building Material Public Limited Company)
“BNBM Coating”	北新塗料有限公司 (BNBM Coating Limited Company)
“BNBM PNG”	中建投巴新公司 (BNBM PNG Limited)
“BNBMG”	北新集團有限公司 (Beijing New Building Material (Group) Co., Ltd.)

Definitions (Continued)

“BNBM Waterproof”	北新防水有限公司 (BNBM Waterproof Limited Company)
“BNS”	北新科技發展有限公司 (BNS Company Limited)
“Board”	the board of directors of the Company
“Building Materials Academy”	中國建築材料科學研究總院有限公司 (China Building Materials Academy Co., Ltd.)
“CBMI Construction”	中材建設有限公司 (CBMI Construction Co., Ltd.)
“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

Definitions (Continued)

“China Certification Group”	中國建材檢驗認證集團股份有限公司 (China Building Material Test & Certification Group Co., Ltd.)
“China 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)
“China Standard Sand”	廈門艾思歐標準砂有限公司 (China ISO Standard Sand Co., Ltd.)
“China Sinoma Overseas”	中材海外工程有限公司 (Sinoma Overseas Engineering Co., Ltd.)
“China Triumph”	中國建材國際工程集團有限公司 (China Triumph International Engineering Company Limited)
“China United Cement” or “China United Cement (Shandong)”	中國聯合水泥集團有限公司 (China United Cement Corporation)
“China United Tongli (Henan)”	河南中聯同力材料有限公司 (Henan China United Tongli Material Co., Ltd.)
“Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)
“CNBM Investment”	中建材投資有限公司 (CNBM Investment Company Limited) (previously known as 北新物流有限公司 BND Co., Limited)
“CNBM Trading”	中建材集團進出口有限公司 (China National Building Material Import and Export Co., Ltd.)

Definitions (Continued)

“CNBM United Investment”	中建材聯合投資有限公司 (CNBM United Investment Co., Ltd.)
“CNBMI Logistics”	中建投物流有限公司 (CNBMI Logistics Company Limited)
“CNBMIT”	中建材物資有限公司 (CNBMIT Co., Ltd.)
“Company” or “CNBM”	中國建材股份有限公司 (China National Building Material Company Limited)
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“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
“East China Material”	華東材料有限公司 (East China Material Limited Company) (to be determined upon the approval of the business registration department)
“Finance Company”	中國建材集團財務有限公司 (China National Building Material Group Finance Co., Ltd.)
“Group”	the Company and, except where the context otherwise requires, all its subsidiaries
“Guang An BNBM”	廣安北新建材有限公司 (Guang An BNBM Building Material Company Limited)

Definitions (Continued)

“Guizhou Cement”	貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited)
“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
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) independent from the Company or its connected persons (as defined in the Listing Rules)
“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.)
“Jiahua Cement”	嘉華特種水泥股份有限公司 (Jiahua Special Cement Company Limited)
“Jiamusi North Cement”	佳木斯北方水泥有限公司 (Jiamusi North Cement Company Limited)

Definitions (Continued)

“Jiangxi Cement”	江西南方水泥有限公司 (Jiangxi South Cement Company Limited)
“Jushi Group”	巨石集團有限公司 (Jushi Group Company Limited)
“Kharachi”	喀喇沁草原水泥有限責任公司 (Kharachi Grassland Cement Co., Ltd.)
“Liaoyuan Weijin”	遼源渭津金剛水泥有限公司 (Liaoyuan Weijin Jingang Cement Company Limited)
“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
“Nanjing Triumph”	南京凱盛國際工程有限公司 (Nanjing Triumph International Engineering Company Limited)
“Ningxia Building Materials”	寧夏建材集團股份有限公司 (Ningxia Building Materials Group Co., Limited)
“Ningxia Saima”	寧夏賽馬水泥有限公司 (Ningxia Saima Cement Co., Ltd.)

Definitions (Continued)

“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)
“Parent Group”	the Parent and its subsidiaries
“PCP”	Price – Cost – Profit
“PRC”	the People’s Republic of China
“Promoters”	the promoters of the Company, namely the Parent, BNBMG, Cinda, Building Materials Academy and CNBM Trading

Definitions (Continued)

“Qilianshan”	甘肅祁連山水泥集團股份有限公司 (Gansu Qilianshan Cement Group Company Limited)
“Qilianshan Holdings”	甘肅祁連山建材控股有限公司 (Gansu Qilianshan Building Materials Holdings Company Limited)
“Qingtongxia Cement”	寧夏青銅峽水泥股份有限公司 (Ningxia Qingtongxia Cement Co., Ltd.)
“Reporting Period”	the period from 1 January 2022 to 30 June 2022
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Sanshi Commercial Concrete”	浙江三獅南方新材料有限公司 (Zhejiang Sanshi South New Material Limited Company)
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Sinoma”	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 (Gansu)”	中材甘肅水泥有限責任公司 (Sinoma (Gansu) Cement Co., Ltd.)
“Sinoma (Tianshui)”	天水中材水泥有限責任公司 (Sinoma (Tianshui) Cement Co., Ltd.)
“Sinoma Advanced”	中材高新材料股份有限公司 (Sinoma Advanced Materials Co., Ltd.)

Definitions (Continued)

“Sinoma Blade”	中材科技風電葉片股份有限公司 (Sinoma Wind Power Blade Co., Ltd.)
“Sinoma Cement” or “Sinoma Cement (Overseas)”	中材水泥有限責任公司 (Sinoma Cement Co., Ltd.)
“Sinoma Handan”	邯鄲中材建設有限責任公司 (Sinoma (Handan) Construction Co., Ltd.)
“Sinoma International”	中國中材國際工程股份有限公司 (Sinoma International Engineering Co., Ltd.)
“Sinoma Investment”	中國中材投資(香港)有限公司 (Sinoma Investment (Hong Kong) Co., Ltd.)
“Sinoma 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.)
“Sinoma Parent”	中國中材集團有限公司 (China National Materials Group Corporation Ltd.), a wholly-owned subsidiary of the Parent
“Sinoma Science & Technology”	中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.)
“Sinoma Suzhou”	蘇州中材建設有限公司 (Sinoma (Suzhou) Construction Co., Ltd.)
“South Cement”	南方水泥有限公司 (South Cement Company Limited)
“South Cement (Shanghai)”	上海南方水泥有限公司 (Shanghai South Cement Company Limited)

Definitions (Continued)

“South China Materials”	南方新材料科技有限公司 (South New Materials Technology Company Limited)
“South Graphite”	南方石墨有限公司 (South Graphite Co., Ltd.)
“Southwest Cement” or “Sichuan-Chongqing Cement”	西南水泥有限公司 (Southwest Cement Company Limited)
“State” or “PRC Government”	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Suzhou Academy”	蘇州混凝土水泥製品研究院有限公司 (Suzhou Concrete Cement Products Academy Co., Ltd.*)
“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.)
“Taishan Finance”	泰安市泰山財金投資有限公司 (Taian Taishan Finance Investment Co., Ltd.)
“Taishan Gypsum”	泰山石膏有限公司 (Taishan Gypsum Co., Ltd.*)
“Taishan Investment”	泰安市泰山投資有限公司 (Taian Taishan Investment Co., Ltd.)

Definitions (Continued)

“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
“Tieling North”	金剛水泥(鐵嶺)水泥有限公司 (Jingang Cement (Tieling) Cement Company Limited)
“Two Highs”	high energy consumption and high emissions
“Wangqing North Cement”	汪清北方水泥有限責任公司 (Wangqing North Cement Limited Liability Company)
“Wuzhong Saima”	吳忠賽馬新型建材有限公司 (Wuzhong Saima New Building Materials Co., Ltd.)
“Xinjiang Cement”	新疆天山水泥有限責任公司 (Xinjiang Tianshan Cement Co., Ltd.) (to be determined upon the approval of the business registration department)
“Yichun North Cement”	伊春北方水泥有限公司 (Yichun North Cement Company Limited)
“Yunnan Cement”	雲南西南水泥有限公司 (Yunnan Southwest Cement Company Limited)
“Zhejiang Cement”	浙江南方水泥有限公司 (Zhejiang South Cement Company Limited*)

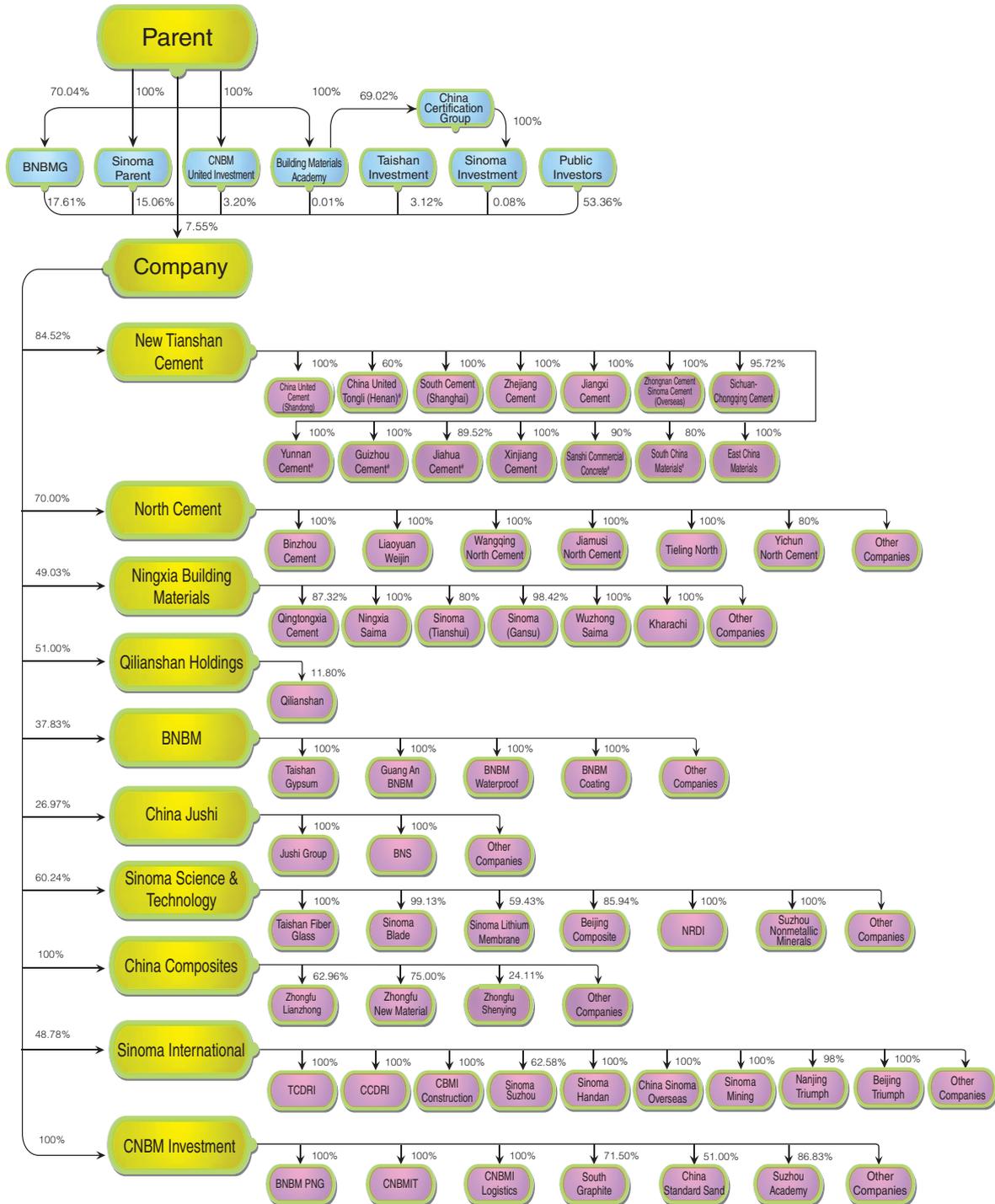
Definitions (Continued)

“Zhongfu Lianzhong”	連雲港中復連眾複合材料集團有限公司 (Lianyungang Zhongfu Lianzhong Composites Group Co., Ltd.)
“Zhongfu New Material”	中復(常州)新材料有限公司 China Composites (Changzhou) Advanced Materials Co., Ltd. (formerly known as Changzhou China Composites Liberty Co., Ltd.) (常州中復麗寶第複合材料有限公司)
“Zhongfu Shenying”	中復神鷹破纖維有限責任公司 (Zhongfu Shenying Carbon Fiber Co., Ltd.)
“Zhongnan Cement”	湖南南方水泥集團有限公司 (Hunan South Cement Group Company Limited)

* *For identification purposes only*

Shareholding Structure of the Group

The simplified structure of the Group as of 30 June 2022 is set out below:



– represents indirect holding

Shareholding Structure of the Group (Continued)

1. The aforementioned percentages are rounded to 2 decimal places. Due to being rounded, the total percentage of shareholdings may be discrepant with the total amount.
2. As at 1 January 2022, the Parent directly held 8,536,000 H Shares of the Company, accounting for 0.10% of the total share capital, and indirectly held 6,800,000 H Shares of the Company through its wholly-owned subsidiary Building Materials Academy, accounting for 0.08% of the total share capital of the Company. From 8 to 10 June 2022 and from 14 to 22 July 2022, the Parent increased its shareholding of H Shares of the Company by 42,180,000 shares and 41,456,000 shares through CNBM United Investment, accounting for 0.99% of the total share capital of the Company in aggregate. As of the date of this report, the Parent directly and indirectly held 98,972,000 H Shares of the Company in aggregate, accounting for 1.17% of the total share capital of the Company.
3. As of 30 June 2022, the Parent directly and indirectly held 3,670,821,981 shares of the Company (including 3,613,305,981 Domestic Shares and 57,516,000 H Shares), accounting for 43.52% of the total issued shares of the Company. As of the date of this report, the Parent directly and indirectly held 3,712,277,981 shares of the Company (including 3,613,305,981 Domestic Shares and 98,972,000 H Shares), accounting for 44.01% of the total issued shares of the Company.
4. As of 30 June 2022, Building Materials Academy directly and indirectly held 69.02% equity interest of China Certification Group in aggregate, of which 64.84% was directly held by Building Materials Academy and 4.18% was indirectly held by Building Materials Academy through certain wholly-owned subsidiaries. Due to the exercise of equity incentives, as of the date of this report, Building Materials Academy directly and indirectly held an aggregate of 68.77% equity interest of China Certification Group.
5. Upon completion of the integration of the basic building materials business segment, the Company held 87.70% equity interest in New Tianshan Cement. During the period from 11 to 13 January 2022, New Tianshan Cement issued and allotted 314,616,887 subscription shares to independent subscribers, and such shares were listed on the Shenzhen Stock Exchange on 25 February 2022. The Company's equity interest in New Tianshan Cement was reduced from 87.70% to 84.52%.
6. The subsidiaries of New Tianshan Cement, based on administrative divisions, are divided into 14 regional companies. As of the date of this report, New Tianshan Cement (i) held 60% equity interest in China United Tongli (Henan) through China United Cement (Shandong); (ii) through South Cement, held 90% equity interest in Sanshi Commercial Concrete; (iii) through Sichuan-Chongqing Cement, held 100% equity interest in Yunnan Cement, 100% equity interest in Guizhou Cement and 89.52% equity interest in Jiahua Cement; (iv) held 80% equity interest in South China Materials through its subsidiaries including South Cement; and (v) registered Xinjiang Cement and East China Material as its directly wholly-owned subsidiaries.
7. During the period from 18 March to 29 March 2022, the Company increased its shareholding in Qilianshan by acquiring 13,100,000 shares of Qilianshan in aggregate through the Shanghai Stock Exchange trading system, resulted the increase of its direct shareholding in Qilianshan from 13.24% to 14.93%. In addition, the Company indirectly held 11.80% equity interest in Qilianshan through Qilianshan Holdings.
8. During the period from 21 March to 29 March 2022, the Company increased its shareholding of 7,061,810 shares in aggregate in Ningxia Building Materials through the Shanghai Stock Exchange trading system, resulted the increase of its shareholding in Ningxia Building Materials from 47.56% to 49.03%.
9. On 29 June 2022, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang Defang (王德方) entered into the Capital Contribution Agreement to increase the capital of Sinoma Advanced, and at the same time, Sinoma Group transferred its equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, thereby making Building Materials Academy the controlling shareholder of Sinoma Advanced, holding approximately 54.91% of its equity interests. Accordingly, Sinoma Advanced would cease to be a subsidiary of the Company and become an associate of the Company.
10. On 26 August 2022, the third meeting of the fifth session of the Board considered and approved the establishment of CNBM Graphite. The Company held 100% equity interest in CNBM Graphite, and the business registration procedures are still in process.

Financial Highlights

The financial highlights of the Group in 30 June 2022 and 30 June 2021 are summarized as follows:

	For the six months ended		Growth rate
	30 June		
	2022	2021	
	(unaudited)	(restated) (unaudited)	
	<i>(RMB in thousands)</i>		
Revenue	108,962,840	121,872,771	-10.6%
Gross profit	21,055,865	30,338,956	-30.6%
Profit after tax	9,615,520	13,183,061	-27.1%
Profit attributable to equity holders of the Company	5,447,595	7,918,748	-31.2%
Distribution made to the equity holders of the Company	5,845,296	3,964,342	47.4%
Earnings per share-basic <i>(RMB)</i> ⁽¹⁾	0.646	0.939	-31.2%

Note:

- (1) The calculations of basic earnings per share are based on the profit attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 shares for the six months ended 30 June 2022 and for the six months ended 30 June 2021.

Financial Highlights (Continued)

	As at 30 June 2022 (unaudited)	As at 31 December 2021 (audited)	Growth rate
	<i>(RMB in thousands)</i>		
Total assets	485,864,995	462,542,131	5.0%
Total liabilities	298,407,618	283,917,708	5.1%
Net assets	187,457,377	178,624,423	4.9%
Non-controlling interests	64,905,477	59,941,879	8.3%
Equity attributable to equity holders of the Company	103,129,253	101,873,402	1.2%
Net assets per share-weighted average <i>(RMB)</i> ⁽¹⁾	12.23	12.08	1.2%
Debt to assets ratio ⁽²⁾	38.1%	36.1%	Increased by 2.0 percentage points
Net debt ratio ⁽³⁾	78.7%	78.1%	Increased by 0.6 percentage points

Notes:

- (1) The calculations of weighted average net assets per share are based on the equity attributable to equity holders of the Company of each period and on the weighted average number of 8,434,770,662 in 2021 and for the six months ended 30 June 2021.
- (2) Debt to assets ratio = total borrowings/total assets x 100%.
- (3) Net debt ratio = (total borrowings – bank balances and cash)/net assets x100%.

Business Highlights

The major operating data of 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%

Business Highlights (Continued)

NEW MATERIALS SEGMENT

	For the six months ended		
	30 June		Growth rate
	2022	2021	
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%

Business Highlights (Continued)

ENGINEERING TECHNOLOGY SERVICE SEGMENT

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

Management Discussion and Analysis

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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

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 of benchmarking, 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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

New materials segment (Continued)

Glass fiber (Continued)

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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

New materials segment (Continued)

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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

New materials segment (Continued)

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 Shenying 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 Shenying speeded up to tackle the “bottleneck technology” research, its T800 grade carbon fiber has been pre-approved by COMAC PCD; Zhongfu Shenying 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.

Management Discussion and Analysis (Continued)

OPERATION IN THE FIRST HALF OF 2022 (CONTINUED)

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.

Management Discussion and Analysis (Continued)

REFORM (CONTINUED)

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 pilot”. In March 2022, TCDRI, Industrial Ceramics Institute, Suzhou Nonmetallic Minerals and NRD I 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 the 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.

Management Discussion and Analysis (Continued)

INNOVATION-DRIVEN AND GREEN DEVELOPMENT (CONTINUED)

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.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

The unaudited revenue of the Group decreased by 10.6% from RMB121,872.8 million for the six months ended 30 June 2021 to RMB108,962.8 million for the six months ended 30 June 2022. The unaudited profit attributable to equity holders of the Company decreased by 31.2% from RMB7,918.7 million for the six months ended 30 June 2021 to RMB5,447.6 million for the six months ended 30 June 2022.

Revenue

Our revenue for the six months ended 30 June 2022 amounted to RMB108,962.8 million, representing a decrease of 10.6% from RMB121,872.8 million for the six months ended 30 June 2021. This was primarily due to a decrease of RMB11,314.0 million in the revenue of the Group's basic building materials segment, and a decrease of RMB2,556.1 million in the revenue of the engineering technical services segment, but which was partially offset by an increase of RMB367.0 million in the revenue of the new materials segment.

Cost of sales

Our cost of sales for the six months ended 30 June 2022 amounted to RMB87,907.0 million, representing a decrease of 4.0% from RMB91,533.8 million for the six months ended 30 June 2021. This was primarily due to a decrease of RMB3,909.9 million in the cost of sales of the Group's basic building materials segment and a decrease of RMB1,704.2 million in the cost of sales of the engineering technical services segment, but which was partially offset by an increase of RMB1,199.8 million in the cost of sales of the new material segment.

Other income

Other income of the Group increased by 27.4% from RMB1,624.4 million for the six months ended 30 June 2021 to RMB2,068.9 million for the six months ended 30 June 2022. This was primarily due to an increase of RMB447.1 million in revenue of asset disposal, and an increase of RMB286.8 million in gain on disposal of subsidiaries, an increase of RMB225.1 million in government grants, but which was partially offset by the decrease of RMB467.8 million of net gain from change in fair value of financial assets at fair value through profit or loss and the decrease of RMB116.4 million in the VAT returns.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Selling and distribution costs

Selling and distribution costs decreased by 27.6% to RMB1,692.0 million for the six months ended 30 June 2022 from RMB2,335.5 million for the six months ended 30 June 2021. This was primarily due to a decrease of RMB194.9 million in labor cost, a decrease of RMB96.7 million in utility expense, a decrease of RMB92.0 million in labor outsourcing expense, a decrease of RMB87.6 million in depreciation expense of fixed assets and a decrease of RMB58.2 million in repair expense.

Administrative expenses

Administrative expenses decreased by 11.9% to RMB8,915.6 million for the six months ended 30 June 2022 from RMB10,124.0 million for the six months ended 30 June 2021. This was primarily due to a decrease of RMB243.3 million in exchange losses, a decrease of RMB221.7 million in allowances for impairment of property, plant and equipment, a decrease of RMB157.9 million in amortization of intangible assets, right-of-use assets and long-term prepaid expenses, and a decrease of RMB70.4 million in labor cost.

Finance costs

Finance costs decreased by 7.9% to RMB3,014.2 million for the six months ended 30 June 2022 from RMB3,272.4 million for the six months ended 30 June 2021. This was primarily due to a decrease of borrowing costs of the Group.

Share of profit of associates

The Group's share of profit of associates increased by 3.2% to RMB1,915.2 million for the six months ended 30 June 2022 from RMB1,855.7 million for the six months ended 30 June 2021, primarily due to an increase in the profit of China Jushi, one of our associates, but which was partially offset by a decrease of profit of associates in basic building materials segment of the Group.

Provision under expected credit losses

The provision for impairment of accounts receivable decreased to RMB-157.2 million for the six months ended 30 June 2022 from RMB697.4 million for the six months ended 30 June 2021.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Income tax expense

Income tax expense decreased by 53.4% to RMB1,958.1 million for the six months ended 30 June 2022 from RMB4,206.2 million for the six months ended 30 June 2021. This was primarily due to a decrease of profit before tax, and an increase of the number of high-tech enterprises with low income tax rate.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased by 21.3% to RMB3,822.5 million for the six months ended 30 June 2022 from RMB4,859.3 million for the six months ended 30 June 2021. This was primarily due to the decrease in operating profit of the basic building materials segment, the engineering technical services segment and the new materials segment of the Group.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by 31.2% to RMB5,447.6 million for the six months ended 30 June 2022 from RMB7,918.7 million for the six months ended 30 June 2021. Net profit margin decreased to 5.0% for the six months ended 30 June 2022 from 6.5% for the six months ended 30 June 2021.

Basic building materials segment

Revenue

Revenue of basic building materials segment of the Group for the six months ended 30 June 2022 amounted to RMB71,577.7 million, representing a decrease of 13.6% from RMB82,891.7 million for the six months ended 30 June 2021, mainly attributable to the decrease in the sales volumes of cement products and commercial concrete, as well as the decrease in the average selling price of commercial concrete and aggregate, partially offset by the increase in the average selling price of cement products, as well as the increase in the sales volumes of aggregate.

Cost of sales

Cost of sales of basic building materials segment of the Group for the six months ended 30 June 2022 amounted to RMB58,885.2 million, representing a decrease of 6.2% from RMB62,795.1 million for the six months ended 30 June 2021, mainly attributable to the decrease in the sales volumes of cement products and commercial concrete, partially offset by the increase in coal price and the increase in the sales volumes of aggregate.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Basic building materials segment (Continued)

Gross profit and gross profit margin

Gross profit of basic building materials segment of the Group decreased by 36.8% to RMB12,692.5 million for the six months ended 30 June 2022 from RMB20,096.6 million for the six months ended 30 June 2021. Gross profit margin of the basic building materials segment of the Group decreased from 24.2% for the six months ended 30 June 2021 to 17.7% for the six months ended 30 June 2022. The decrease in gross profit margin was mainly due to the increase in coal price and the decrease in the average selling price of commercial concrete and aggregate, partially offset by the increase in the average selling price of cement products.

Operating profit

Operating profit of basic building materials segment of the Group decreased by 41.0% to RMB8,034.3 million for the six months ended 30 June 2022 from RMB13,620.1 million for the six months ended 30 June 2021. Operating profit margin of the basic building materials segment of the Group decreased from 16.4% for the six months ended 30 June 2021 to 11.2% for the six months ended 30 June 2022. The decrease in operating profit margin was primarily due to the decrease in gross profit margin, the increase in R&D expenses, and the decrease in VAT refunds, partially offset by the decrease in allowances for impairment of property, plant and equipment, decrease in allowances for impairment of receivables as well as the increase in government grants.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

New materials segment

Revenue

Revenue of new materials segment of the Group increased by 1.7% to RMB21,993.6 million for the six months ended 30 June 2022 from RMB21,626.6 million for the six months ended 30 June 2021. This was mainly attributable to the increase in the average selling price of gypsum board, glass fiber yarn, and the increase in sales volumes of lithium battery separator and wind power blade, partially offset by the decrease in the average selling price of lithium battery separator and wind power blade, and the decrease in the sales volumes of gypsum board and glass fiber yarn.

Cost of sales

Cost of sales of new materials segment of the Group increased by 8.0% to RMB16,239.7 million for the six months ended 30 June 2022 from RMB15,039.9 million for the six months ended 30 June 2021, mainly attributable to the increase in the raw material price and the increase in the coal price, as well as the increase in the sales volume of lithium battery separator and wind power blade, partially offset by the decrease in the sales volumes of gypsum board and glass fiber yarn.

Gross profit and gross profit margin

Gross profit of new materials segment of the Group decreased by 12.6% to RMB5,753.9 million for the six months ended 30 June 2022 from RMB6,586.7 million for the six months ended 30 June 2021. Gross profit margin of new materials segment of the Group decreased to 26.2% for the six months ended 30 June 2022 from 30.5% for the six months ended 30 June 2021. The decrease in gross profit margin was mainly attributable to the increase in the raw material price and the increase in the coal price, as well as the decrease in the average selling price of wind power blade and lithium battery separator, partially offset by the increase in the average selling price of gypsum board and glass fiber yarn.

Operating profit

Operating profit of new materials segment of the Group decreased by 4.6% to RMB4,478.4 million for the six months ended 30 June 2022 from RMB4,695.8 million for the six months ended 30 June 2021. The operating profit margin of new materials segment of the Group decreased to 20.4% for the six months ended 30 June 2022 from 21.7% for the six months ended 30 June 2021, mainly attributable to the decrease in gross profit margin and VAT refunds, partially offset by the increase in the gain on disposal of assets.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Engineering technical services segment

Revenue

Revenue of engineering technical services segment of the Group decreased by 12.4% to RMB18,120.7 million for the six months ended 30 June 2022 from RMB20,676.8 million for the six months ended 30 June 2021, mainly attributable to the decrease in completed construction services in the period.

Cost of sales

Cost of sales of engineering technical services segment of the Group decreased by 9.9% to RMB15,443.3 million for the six months ended 30 June 2022 from RMB17,147.5 million for the six months ended 30 June 2021, mainly attributable to the decrease in completed construction services in the period.

Gross profit and gross profit margin

Gross profit of engineering technical services segment of the Group decreased by 24.1% to RMB2,677.5 million for the six months ended 30 June 2022 from RMB3,529.3 million for the six months ended 30 June 2021. Gross profit margin of engineering technical services segment of the Group decreased to 14.8% for the six months ended 30 June 2022 from 17.1% for the six months ended 30 June 2021, mainly attributable to the decrease in gross profit margin of EPC projects.

Operating profit

Operating profit of engineering technical services segment of the Group decreased by 17.0% to RMB1,211.7 million for the six months ended 30 June 2022 from RMB1,459.3 million for the six months ended 30 June 2021. Operating profit margin of engineering technical services segment of the Group decreased to 6.7% for the six months ended 30 June 2022 from 7.1% for the six months ended 30 June 2021, mainly attributable to the decrease in gross profit margin and government grants, but partially offset by the decrease in provision for impairment of receivables and foreign exchange losses.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Liquidity and financial resources

As at 30 June 2022, the Group had unused banking facilities and bonds registered but not yet issued of approximately RMB318,137.0 million in total.

The table below sets out our borrowings as at the dates shown below:

	As at 30 June 2022	As at 31 December 2021
	<i>(RMB in millions)</i>	
Bank loans	125,886.8	107,148.8
Bonds	57,894.3	57,988.0
Borrowings from non-financial institutions	1,557.2	1,706.7
Total	185,338.3	166,843.5

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

	As at 30 June 2022	As at 31 December 2021
	<i>(RMB in millions)</i>	
Borrowings are repayable as follows:		
Within one year or on demand	99,146.2	73,751.0
Between one and two years	31,119.7	38,883.6
Between two and three years	32,822.1	31,305.9
Between three and five years (inclusive of both years)	8,162.6	12,017.4
Over five years	14,087.7	10,885.6
Total	185,338.3	166,843.5

As at 30 June 2022, bank loans in the aggregate amount of RMB1,853.2 million were secured by assets of the Group with a total amount of RMB12,684.0 million.

As at 30 June 2022 and 31 December 2021, the debt to assets ratio of the Group, calculated by dividing borrowings by total of assets of the Group, were 38.1% and 36.1%, respectively.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Exchange risks

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

Contingent liabilities

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

Capital commitments

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

	As at 30 June 2022	As at 31 December 2021
	<i>(RMB in millions)</i>	
Capital expenditure of the Group in respect of acquisition of property, plant and equipment (contracted but not provided for)	26.3	938.3

Capital expenditures

The following table sets out the capital expenditures of the Group for the six months ended 30 June 2022 by segment:

	For the six months ended 30 June 2022	
	<i>(RMB in millions)</i>	<i>% of total</i>
Basic building materials	10,903.1	74.1
New materials	2,933.2	20.0
Engineering technical services	654.7	4.5
Others	204.6	1.4
Total	14,695.6	100.0

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (CONTINUED)

Material investment plans

As of the date of this report, except for the plans which have been disclosed (to be invested by utilizing funds including internal funds and external borrowings) in this report and the 2021 annual report, there are no other future plans for material investments or capital assets.

Cash flow from operating activities

For the six months ended 30 June 2022, net cash inflow of the Group generated from operating activities was RMB11,109.0 million. Such net cash inflow was primarily due to RMB19,542.5 million of cash flow from operating activities before the change in working capital, partially offset by an increase of RMB5,066.2 million in inventories and an increase of RMB2,204.6 million in trade receivables and other receivables.

Cash flow from investing activities

For the six months ended 30 June 2022, net cash outflow of the Group to investing activities was RMB12,001.8 million, which was primarily due to the utilization of RMB12,252.7 million for the purchase of property, plant and equipment.

Cash flow from financing activities

For the six months ended 30 June 2022, net cash inflow of the Group from financing activities was RMB11,298.7 million, resulting from the new borrowings of RMB79,811.6 million, which was partially offset by the repayment of loans and borrowings of RMB62,252.5 million and the payment of dividends of RMB9,371.1 million.

Management Discussion and Analysis (Continued)

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 policy to stabilize growth being strengthened, China's economy entered a recovery phase, 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 renement, reduce the number of management hierarchy and legal entities, and improve efficiency through business adjustment and flat management.

Management Discussion and Analysis (Continued)

OUTLOOK FOR THE SECOND HALF OF THE YEAR (CONTINUED)

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.

Significant Events

FINAL DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

At the annual general meeting of the Company held on 30 May 2022, the Company declared a final dividend of RMB5,845,296,068.77 in total (tax inclusive) for the period from 1 January 2021 to 31 December 2021 for Shareholders whose names appeared on the register of members of the Company on 8 June 2022, representing RMB0.693 per Share (tax inclusive).

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 report, the transaction under the deemed disposal of equity interest in Tianshan Cement has been completed.

Significant Events (Continued)

MATERIAL TRANSACTIONS (CONTINUED)

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 report, the transaction under the successful bidding for the mining rights has been completed.

Significant Events (Continued)

EVENT AFTER THE REPORTING PERIOD

Acquisition of Hefei Institute

On 26 August 2022, Sinoma International (a subsidiary of the Company) entered into the Asset Purchase Agreement with Building Materials Academy (a wholly owned subsidiary of the Parent), in relation to a proposed acquisition of the 100% equity interests in Hefei Cement Research & Design Institute Corporation Ltd.* (合肥水泥研究设计院有限公司) (“Hefei Institute”) by Sinoma International from Building Materials Academy. The consideration for the acquisition is RMB547.08 million in cash and 366,878,106 new shares (representing 16.19% of the total issued share capital of Sinoma International as at the date of this report) (subject to adjustments) to be issued by Sinoma International. The consideration to be paid by cash and shares accounts for 15% and 85%, respectively, of the total consideration. The final consideration may be adjusted in accordance with the appraisal results as filed by the Parent. Upon completion of the transaction, Sinoma International will remain a subsidiary of the Company.

The acquisition will integrate high-quality resources, further improve the positioning of Sinoma International’s equipment business and enhance its core competitiveness; make full use of the linkage mechanism between equipment business and engineering technology service business to give full play to the synergy effect; it is conducive to promoting and solving the horizontal competition between the Company and relevant entities in equipment business.

The implementation of the acquisition will be subject to, among other things, approval by the competent regulatory authorities and fulfilment of applicable requirements (including shareholders’ approval requirements) under the Listing Rules. Please refer to the Company’s announcement dated 26 August 2022 for further details of the acquisition. As of the date of this report, the acquisition has not been completed.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Particulars of connected transactions are set out in Note 30 to the interim financial statements. The Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details of the continuing connected transactions between the Group and the Parent Group and the relevant exemptions, please refer to the Company’s announcement dated 30 September 2019, the circular dated 23 October 2019, the announcement dated 9 December 2019, the 2019 annual report, the 2020 annual report and the 2021 annual report.

Significant Events (Continued)

CONNECTED TRANSACTIONS (CONTINUED)

Transactions with Parent Group

For the six months ended 30 June 2022, the Group's expenses incurred from its provision of minerals from the Parent Group amounted to RMB7.04 million, representing approximately 0.01% of total cost of sales of the Group for the same period. The Group's income from its provision of products and services to the Parent Group amounted to RMB754.67 million, representing approximately 0.69% of the total income of the Group for the same period. The Group's expenses incurred from its provision of products and services from the Parent Group amounted to RMB1,826.29 million, representing approximately 2.08% of total cost of sales of the Group for the same period. The Group's expenses incurred from its provision of equipment from the Parent Group amounted to approximately RMB862.06 million, representing approximately 0.98% of total cost of sales of the Group for the same period. The Group's income from its provision of construction services to the Parent Group amounted to RMB1.35 million, representing approximately 0.001% of the total income of the Group for the same period. The rental paid for leasing property from the Parent Group amounted to RMB32.03 million, representing approximately 0.036% of the total cost of sales of the Group for the same period. The revenue from leasing property to the Parent Group amounted to RMB6.35 million, representing approximately 0.006% of the total income of the Group for the same period. The Company's maximum daily deposit balance deposited in China National Building Material Group Finance Co, Ltd. (a subsidiary of the Parent, "Finance Company") amounted to approximately RMB13,706.14 million. The Group's expenses in respect of other financial services provided by the Finance Company amounted to RMB142.9 thousand.

Continuing transactions subsequently became connected

Financial assistance provided by the Company to the Parent Group

Reference is made to the announcements and circulars of the Company dated 8 December 2021, 13 December 2021 and 30 December 2021 in relation to the subscription for equity interest of (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd.* (中建材蚌埠玻璃工業設計研究院有限公司) ("Bengbu Institute", a subsidiary of the Parent, now renamed as CNBM Research Institute for Advanced Glass Materials Group Co., Ltd.), by the Company with its equity interest in China Triumph. The above transaction was completed on 30 December 2021, and after completion, Bengbu Institute (which remained a subsidiary of the Parent) held 100% equity interests in China Triumph, whereas China Triumph ceased to be a subsidiary of the Company and became a non-wholly-owned subsidiary of the Parent and thus a connected person of the Company. Therefore, certain guarantees provided by the Company for China Triumph have subsequently become continuing connected transactions of the Company.

As of 30 June 2022, the total amount of guarantees provided by the Company for China Triumph consisted of bonds totaling approximately RMB2 billion and loans from financial institutions totaling RMB1.4 billion.

Significant Events (Continued)

CONNECTED TRANSACTIONS (CONTINUED)

Partially Exempt Connected Transactions

For the six months ended 30 June 2022 and up to the date of this report, the following transactions constitute connected transactions of the Company and were exempt from independent Shareholders' approval requirements but were only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Capital Subscription in CNBM Chizhou

On 29 June 2022, South Cement (an indirect subsidiary of the Company), CNBM (Anhui) Non-metallic Mining Industry Co., Ltd.* (中建材安徽非金屬礦工業有限公司) (an indirect wholly-owned subsidiary of the Parent, "Anhui Non-metallic Mining"), Chizhou Transport Investment Group Co., Ltd.* (池州交通投資集團有限公司) ("Chizhou Transport"), Chizhou Jinqiao Investment Group Co., Ltd.* (池州金橋投資集團有限公司) ("Chizhou Jinqiao") and Chizhou Construction Investment Group Co., Ltd.* (池州建設投資集團有限公司) ("Chizhou Construction") entered into a capital subscription agreement, pursuant to which they agreed to each subscribe to the newly increased registered share capital of CNBM Chizhou (a connected subsidiary of the Company) in cash according to their respective shareholding on a pro rata basis. The registered share capital of CNBM Chizhou will increase from RMB1,000 million to RMB3,000 million. South Cement will make a subscription of RMB1,200 million in the newly increased registered share capital of CNBM Chizhou, and Anhui Non-metallic Mining, Chizhou Transport, Chizhou Jinqiao and Chizhou Construction will each make a subscription of RMB200 million, respectively.

The Capital Subscription is based on the needs of project construction and aims to enhance the capital and operational capability of CNBM Chizhou, which is in line with the Company's business development and the interests of all shareholders of the Company.

For details of the capital subscription in CNBM Chizhou, please refer to the Company's announcement dated 29 June 2022. As of the date of this report, the transaction under the capital subscription in CNBM Chizhou has not been completed.

Significant Events (Continued)

CONNECTED TRANSACTIONS (CONTINUED)

The Deemed Disposal of Equity interest in Sinoma Advanced

On 29 June 2022, Sinoma Advanced (a non-wholly owned subsidiary of the Company as at the date of the transaction, but ceased to be a subsidiary of the Company as at the date of this report) entered into a capital contribution agreement with the Company, China National Materials Group Corporation Ltd.* (中國中材集團有限公司) (a wholly-owned subsidiary of the parent company, “Sinoma Group”), Building Materials Academy, Beijing New Building Material Public Limited Company* (北新集團建材股份有限公司) (a controlling subsidiary of the Company, “BNBM”) and Mr. Wang Defang (“Mr. Wang”), pursuant to which, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang agreed to make a capital contribution totaling RMB979.2033 million to Sinoma Advanced on a basis of RMB4.69/registered capital. Upon completion of the Capital Contribution, the registered capital of Sinoma Advanced will increase from RMB167.1495 million to RMB375.7862 million. The Company, Sinoma Group, Building Materials Academy, BNBM and Mr. Wang will hold approximately 44.33%, 26.56%, 28.35%, 0.41% and 0.35% equity interests in Sinoma Advanced, respectively.

At the same time, Sinoma Group entered into an equity transfer agreement with Building Materials Academy, pursuant to which, Sinoma Group would transfer its 26.56% equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, so that Building Materials Academy would become the controlling shareholder of Sinoma Advanced holding approximately 54.91% equity interests in Sinoma Advanced. Accordingly, Sinoma Advanced would cease to be a subsidiary of the Company and become an associated company of the Company.

The Building Materials Academy and Sinoma Advanced have good cooperation experience in scientific research, industrial synergy and talent training, and have an in-depth cooperation foundation, broad room for cooperation and synergy effect especially in the field of advanced ceramic new materials. Through the Capital Contribution, Sinoma Advanced will leverage on the Group’s industrial platform and synergize with favorable resources of new materials within the Group to achieve its rapid development in the field of new materials. The Company, as the second largest shareholder of Sinoma Advanced after the completion of the Capital Contribution, could fully enjoy the dividends arising from the high growth of Sinoma Advanced future business.

For details of the deemed disposal of equity interest in Sinoma Advanced, please refer to the Company’s announcement dated 29 June 2022. As of the date of this report, the transaction under the deemed disposal of equity interest in Sinoma Advanced has been completed.

Significant Events (Continued)

CONNECTED TRANSACTIONS (CONTINUED)

CAPITAL CONTRIBUTION TO CHINA NATIONAL BUILDING MATERIAL GROUP FINANCE CO., LTD.

On 12 August 2022, the Company and the Parent, being the shareholders of Finance Company, entered into the Capital Contribution Agreement, pursuant to which, the Company and the Parent agreed to make a capital contribution totaling RMB1,300,000,000 to Finance Company in cash in accordance with their respective shareholding on pro rata basis. Among them, the Company and the Parent will make a capital contribution of RMB541,666,666.67 and RMB758,333,333.33, respectively. After the capital contribution, the registered capital of Finance Company will increase from RMB1,200,000,000 to RMB2,500,000,000. The Company and the Parent will make a capital contribution of RMB1,041,666,666.67 and RMB1,458,333,333.33, respectively.

It is expected that contributing capital into Finance Company will decrease its asset-to-liability ratio, as well as support the expansion of the business scale of Finance Company. While the members of the Group can obtain more financing services from Finance Company, which will in turn be beneficial to lowering the finance costs of the members of the Group, it can also promote the deep cooperation between the Company and Finance Company in capital business and obtain investment return.

For details of the capital contribution to Finance Company, please refer to the announcement of the Company dated 12 August 2022. As of the date of this report, the transaction regarding the capital contribution to the Finance Company has not been completed.

CAPITAL CONTRIBUTION TO HEILONGJIANG PRIDE NEW MATERIAL TECHNOLOGY COMPANY LIMITED

On 15 August 2022, Heilongjiang Pride New Material Technology Company Limited (“Heilongjiang Pride”) entered into a capital subscription agreement with CNBM Investment (a wholly-owned subsidiary of the Company), CNBM United Investment and other parties, pursuant to which, CNBM Investment agreed to make a capital subscription in Heilongjiang Pride. The registered share capital of Heilongjiang Pride will increase from RMB500.00 million to RMB834.25 million and all of the newly increased registered share capital of RMB334.25 million will be subscribed by CNBM Investment at the subscription price of RMB1.765 for each RMB1 newly increased registered share capital, totalling RMB589.95125 million. Upon completion of the Capital Subscription, CNBM Investment will hold approximately 40.07% equity interests in Heilongjiang Pride, which will then become a non-wholly-owned subsidiary of the Company.

Significant Events (Continued)

CONNECTED TRANSACTIONS (CONTINUED)

CAPITAL CONTRIBUTION TO HEILONGJIANG PRIDE NEW MATERIAL TECHNOLOGY COMPANY LIMITED (Continued)

According to the capital subscription agreement, Jixi SOA will transfer its 10% equity interest in Heilongjiang Pride to CNBM Joint Investment prior to the capital subscription. Upon completion of the capital subscription, the equity interest held by CNBM Joint Investment in Heilongjiang Pride will be reduced to 5.99%.

Through the capital subscription, the Company will be able to quickly enter the field of natural graphite anode materials and build a strategic emerging advantageous industry integrating mining, deep-processing and scientific research and development. The Company plans to integrate resources to create a unified graphite industry platform and deepen the coordinated development of emerging industries of new energy materials.

For details of the capital contribution to Heilongjiang Pride, please refer to the announcement of the Company dated 15 August 2022. As of the date of this report, the transaction regarding the capital contribution to Heilongjiang Pride has been completed.

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.

Significant Events (Continued)

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.

Significant Events (Continued)

SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

Nomination Committee (Continued)

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. 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.

Significant Events (Continued)

SPECIAL COMMITTEES UNDER THE BOARD (CONTINUED)

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.

RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE SUPERVISION

In order to standardize daily operation, tighten the control over risk exposures, strengthen the compliance boundary, and realize the legitimate operation and sustainable development, the Company has made efforts to explore the establishment of an integrated management platform for risk, internal control and compliance work. At present, the Company has established an organization for construction and supervision of internal control system and a compliance management committee, formulated and continuously improved the Company's systems and management processes, established relevant risk evaluation and supervision mechanisms, and initiated the preparation of the compliance management manual to explore and create a closed-loop system of compliance management supervision. Each department of the Company is the participating and responsible department for the daily monitoring, evaluation and supervision mechanism; the organization for construction and supervision of internal control system and the compliance management committee are the daily organizations that play a role of leading, coordinating and supervising in the monitoring mechanism; the audit committee under the Board regularly listens to the professional audit and internal audit reports, independently evaluates the Company's operation and management, business development and financial status, and examines the implementation of the Company's strategy, so as to promote the improvement of internal control, risk management and compliance supervision level.

In accordance with code provision D.2.1 of the CG Code, the Directors have also reviewed the effectiveness of the internal control, risk management and compliance supervision systems of the Company and its subsidiaries, which covered financial control, operation control, compliance control and risk management function control.

Significant Events (Continued)

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.

SHARE CAPITAL STRUCTURE

	As of 30 June 2022	
	Number of Shares	Percentage of issued Shares (%)
Domestic Shares	3,876,624,162	45.96
H Shares	4,558,146,500	54.04
Total share capital	8,434,770,662	100

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.

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP

As of the end of the Reporting Period, save for the gypsum board litigation in the US as disclosed below, the Group was not involved in any litigation or arbitration which might have a significant impact on the Group's production and operation, nor were any of the directors, supervisors or senior management of the Group involved in any material litigation.

Significant Events (Continued)

MATERIAL LITIGATION AND ARBITRATION OF THE GROUP (CONTINUED)

About the Gypsum Board Litigation in the United States

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBM, relating to the gypsum board incident in the United States and the information on subsequent development of the gypsum board litigation in the United States set out in the announcements dated 18 July 2014, 20 August 2014, 13 February 2015, and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third-quarterly report and the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report, and the 2021 annual report of the Company.

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd.* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, “Taishan”), entered into a class settlement agreement (the “Settlement Agreement”) with the counsels acting for the plaintiff Settlement Class (the “Settlement”), and the procedure of the Settlement proceeded normally in accordance with the Settlement Agreement. The payment obligations of Taishan under the Settlement Agreement have been fulfilled.

In May 2020, the district court in the U.S. issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, the lawsuits of 21 plaintiffs have closed, and the lawsuits of the remaining 69 plaintiffs are still ongoing.

Other than the multi-district combined litigation to which the Settlement relates, there were also lawsuits initiated by constructors and suppliers, among which the case of The Mitchell Co., Inc. against Knauf Gips KG has been settled and the settlement amount has been paid, while the other cases will continue. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclosure if and when necessary or appropriate.

Significant Events (Continued)

EMPLOYEE AND REMUNERATION POLICY

As of 30 June 2022, the Group had approximately 154,208 employees.

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

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

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

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 28 February 2022, Mr. Wu Weiku, an independent supervisor of the Company, passed away due to illness. On 6 May 2022, the Company was notified by a Shareholder, BBMG, that due to work re-designation, BBMG proposed to nominate Mr. Zhang Jianfeng for appointment as a supervisor of the Company in replacement of Ms. Hu Juan. On 30 May 2022, the annual general meeting held by the Company approved the appointment of Mr. Wei Jianguo as an independent supervisor of the fifth session of the Supervisory Committee and Mr. Zhang Jianfeng as a shareholder supervisor of the fifth session of the Supervisory Committee.

On 14 March 2022, Mr. Xiao Jiaxiang and Mr. Sui Yumin, vice presidents of the Company, resigned as vice presidents of the Company due to work adjustment. On 25 March 2022, the Board meeting held by the Company reviewed and approved the proposal to change the secretary to the Board, and Ms. Pei Hongyan was appointed as the secretary to the Board.

Save as disclosed above, no other changes have taken place among the Directors, Supervisors and senior management of the Company during the Reporting Period.

Significant Events (Continued)

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

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

Mr. Chang Zhangli, an executive Director and president of the Company, has served as a director of Sinoma Science & Technology since January 2022, ceased to serve as a director and chairman of the board of Southwest Cement since January 2022, and ceased to serve as deputy general manager of the Parent since July 2022; Mr. Xiao Jiaxiang, an executive Director of the Company, has ceased to serve as a vice president of the Company since March 2022; Mr. Wang Bing, an executive Director and vice president of the Company, has ceased to serve as a director and chairman of the board of BNBM since March 2022.

Ms. Yu Yuehua, a staff representative supervisor of the Company, has ceased to serve as a supervisor and chairman of the board of supervisors of China United Cement since May 2022, and ceased to serve as a supervisor of Southwest Cement since June 2022; Ms. Du Guangyuan, a staff representative supervisor of the Company, has served as a supervisor of Sinoma International since February 2022 and a director of Sinoma Advanced since February 2022.

EQUITY INCENTIVE PLAN

Share Option Incentive Plan of Sinoma International

On 6 December 2017, China National Materials Co., Ltd. at its extraordinary general meeting reviewed and approved a share option incentive plan (the “Equity Incentive Plan”) of Sinoma International (whose A shares are traded on the Shanghai Stock Exchange (stock code: 600970)).

On 7 December 2017, the share options (“Sinoma International Share Option”) for a total of 17,424,500 ordinary A-shares of Sinoma International (“Sinoma International Share”), representing approximately 0.77% of the total issued shares of Sinoma International as at the date of this report, were granted by Sinoma International to 489 grantees under the Equity Incentive Plan. The participants who were granted Sinoma International Share Option were (i) a total of 3 Sinoma International directors, Song Shoushun, Xia Zhiyun and Jiang Zhongwen, to whom 320,000, 320,000 and 290,000 Sinoma International Share Options were granted, respectively, (ii) a total of 7 Sinoma International senior management, to whom 1,690,000 Sinoma International Share Options were granted in total, and (iii) a total of 479 key technical and management personnel, to whom 14,804,500 Sinoma International Share Options were granted in total. The exercise price of the Sinoma International Share Options when granted was RMB9.27.

Significant Events (Continued)

EQUITY INCENTIVE PLAN (CONTINUED)

Share Option Incentive Plan of Sinoma International (Continued)

Given four distributions of profit in May 2018, June 2019, June 2020 and June 2021 respectively, in accordance with the relevant provisions for adjustment of the exercise price, the exercise price under the equity incentive plan had been adjusted to RMB8.306/share since the Second Exercise Period (as defined in the table below).

As at 1 January 2022, a total of 5,418,542 Sinoma International Share Options was granted (on 7 December 2017) under the Sinoma Equity Incentive Plan but not yet exercised. The exercise price of such Sinoma International Share Options was RMB8.306/share and the exercise period was the Third Exercise Period (as defined in the table below).

Due to the failure to meet the exercise conditions for the third exercise period, Sinoma International held a Board meeting on 28 January 2022 to approve the cancellation of 5,418,542 options of 455 grantees corresponding to the third exercise period. Upon the cancellation and as at 30 June 2022, there was no remaining share options under the Sinoma International Share Option Plan. During the six months ended 30 June 2022, no Sinoma International Share Options were granted, exercised or lapsed in accordance with the terms of the plan.

The validity period of the Sinoma International Share Option Plan is no more than 60 months, commencing from the date of grant of the Sinoma International Share Options.

Significant Events (Continued)

EQUITY INCENTIVE PLAN (CONTINUED)

Share Option Incentive Plan of Sinoma International (Continued)

The exercise period of Sinoma International Share Options and their exercise period arrangement were as follows:

Exercise arrangement	Timing arrangement	Exercise Proportion
First Exercise Period	commencing from the first trading day after expiry of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant	1/3
Second Exercise Period	commencing from the first trading day after expiry of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third Exercise Period	commencing from the first trading day after expiry of the 48-month period from the date of grant and ending on the last trading day of the 60-month period from the date of grant	1/3

Restricted Share Incentive Plan of Sinoma International

Sinoma International considered and approved the Restricted Share Incentive Plan of Sinoma International (“Restricted Share Incentive Plan of Sinoma International” or the “Plan”) at Sinoma International’s extraordinary general meeting convened on 16 March 2022. On 24 March 2022, 194 incentive participants were granted 46,549,115 restricted shares of Sinoma International (“Restricted Shares”) by Sinoma International, representing 2.10% of Sinoma International’s total share capital as at the date of the grant. The grant price of the Restricted Shares was proposed to be RMB5.97/share. Apart from the above, 10 million Restricted Shares were separately reserved under the Plan, representing 0.45% of Sinoma International’s total share capital as at the date of the grant.

Significant Events (Continued)

EQUITY INCENTIVE PLAN (CONTINUED)

Restricted Share Incentive Plan of Sinoma International (Continued)

The source of Restricted Shares is the issuance of ordinary A-shares of Sinoma International to the participants, and the first grant price of the Restricted Shares was not less than the par value of the shares, and was the higher of: (i) the average trading price of Sinoma International Share for 1 trading day prior to the announcement of the draft Plan; (ii) the average trading price of Sinoma International Share for 20 trading days prior to the announcement of the draft Plan; (iii) the average trading price of Sinoma International Share for 60 trading days prior to the announcement of the draft Plan; (iv) the average trading price of Sinoma International Share for 120 trading days prior to the announcement of the draft Plan.

The grantees of the first grant included directors and senior management personnel, core management, business and key technical personnel of Sinoma International. Restricted shares were granted to (i) two directors of Sinoma International, namely Liu Yan and Yin Zhisong (concurrently being the President of Sinoma International), who were granted 365,700 and 314,000 Restricted Shares, respectively; (ii) five senior management personnel (other than the President of Sinoma International, Yin Zhisong), who were granted a total of 1,254,100 Restricted Shares, and (iii) 187 core management, business and key technical personnel, who were granted a total of 44,615,315 Restricted Shares. The number of Restricted Shares granted to any one grantee under the Plan did not exceed 1% of the total share capital of Sinoma International as at the date of this report.

The validity period of the Restricted Share Plan of Sinoma International, which comprises a 24-month lock-up period and a 36-month unlocking period, shall commence from the completion date of the registration of the Restricted Shares (being 11 April 2022) and end on the date on which all the Restricted Shares granted to the grantees have been unlocked or otherwise repurchased and cancelled, which shall not be longer than 72 months. During such lock-up period, the Restricted Shares granted to participants under Restricted Share Plan of Sinoma International are locked-up and cannot be transferred in any form, used as security or to repay debt.

Significant Events (Continued)

EQUITY INCENTIVE PLAN (CONTINUED)

Restricted Share Incentive Plan of Sinoma International (Continued)

The unlock periods and the different phases of unlocking the lock-up of the first grant under the Restricted Share Plan of Sinoma International are as follows:

Unlock Period	Phases of unlocking the lock-up	Unlocked entitlement as a percentage of total entitlements granted
First Unlock Period	From the first trading day after 24 months from the completion date of the registration of the first grant (“Registration Date”) to the last trading day within 36 months from the Registration Date	33%
Second Unlock Period	From the first trading day after 36 months from the Registration Date to the last trading day within 48 months from the Registration Date	33%
Third Unlock Period	From the first trading day after 48 months from the Registration Date to the last trading day within 60 months from the Registration Date	34%

Significant Events (Continued)

DISCLOSURE OF INTERESTS

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as was known to the Directors or the Supervisors, as at 30 June 2022, the Shareholders (other than the Directors or the Supervisors) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company were as follows:

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) ¹	Percentage of total share capital (%) ¹
Parent	Domestic Shares	Long	Beneficial owner	628,592,008			
	Domestic Shares	Long	Interest of controlled corporations	2,984,713,973			
				3,613,305,981	2	93.21	42.84
	H Shares	Long	Beneficial owner	8,536,000			
	H Shares	Long	Interest of controlled corporations	48,980,000			
				57,516,000		1.26	0.68
BNBMG	Domestic Shares	Long	Beneficial owner	1,485,566,956			
	Domestic Shares	Long	Other	227,719,530	3		
				1,713,286,486	2	44.20	20.31
Sinoma Parent	Domestic Shares	Long	Beneficial owner	1,270,254,437	2	32.77	15.06
Taishan Finance	Domestic Shares	Long	Interest of controlled corporations	263,318,181	4	6.79	3.12
Taishan Investment	Domestic Shares	Long	Beneficial owner	263,318,181	4	6.79	3.12
CNBM United	Domestic Shares	Long	Beneficial owner	227,719,530	2	5.87	2.70
Investment	H Shares	Long	Beneficial owner	42,180,000		0.93	0.50

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Name of Substantial Shareholders	Class of Shares	Long/short position/ Lending Pool	Capacity	Number of Shares held	Notes	Percentage of the relevant class of share capital (%) ¹	Percentage of total share capital (%) ¹
GIC Private	H Shares	Long	Investment manager	275,409,460		6.04	3.27
Cinda	H Shares	Long	Beneficial owner	272,319,926		5.97	3.23
BlackRock Inc.	H Shares	Long	Interest of controlled corporations	236,343,813	5	5.18	2.80
	H Shares	Short	Interest of controlled corporations	7,638,000	5	0.16	0.09

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes:

1. As at 30 June 2022, the Company's total issued share capital comprises 8,434,770,662 Shares, including 3,876,624,162 Domestic Shares and 4,558,146,500 H Shares.
2. Of these 3,613,305,981 Shares, 628,592,008 Shares are directly held by the Parent, the remaining 2,984,713,973 Shares are deemed corporate interest indirectly held through BNBMG, Sinoma Parent, CNBM United Investment and Building Materials Academy. Sinoma Parent, CNBM United Investment and Building Materials Academy are wholly-owned subsidiaries of the Parent. BNBMG is a subsidiary of the Parent which directly and indirectly holds 100% of its equity interests, of which 70.04% is directly held and 29.96% is indirectly held through CNBM Trading. Under the SFO, the Parent is deemed to own the Shares directly held by BNBMG (1,485,566,956 Shares), Sinoma Parent (1,270,254,437 Shares), CNBM United Investment (227,719,530 Shares) and Building Materials Academy (1,173,050 Shares).
3. BNBMG is taken to have an interest in such Shares as it is entitled to control the exercise of a right conferred by the holding of such Shares.
4. Taishan Investment is a wholly-owned subsidiary of Taishan Finance. Under the SFO, Taishan Finance is deemed to own 263,318,181 Shares directly held by Taishan Investment.

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5. BlackRock, Inc. was deemed to hold interests in a total of 236,343,813 H Shares (long position) and 7,638,000 H Shares (short position) in the Company by virtue of its control over the following corporations, which held direct interests in the Company:
 - 5.1 BlackRock Investment Management, LLC held 1,712,536 H Shares (long position) in the Company. BlackRock Investment Management, LLC was an indirect wholly-owned subsidiary of BlackRock, Inc..
 - 5.2 BlackRock Financial Management, Inc. held 3,294,000 H Shares (long position) and 2,206,000 H Shares (short position) in the Company. BlackRock Financial Management, Inc. was an indirect wholly-owned subsidiary of BlackRock, Inc..
 - 5.3 BlackRock Institutional Trust Company, National Association held 37,490,029 H Shares (long position) and 5,404,000 H Shares (short position) in the Company. BlackRock Institutional Trust Company, National Association was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc..
 - 5.4 BlackRock Fund Advisors held 78,734,850 H Shares (long position) in the Company. BlackRock Fund Advisors was an indirect wholly-owned subsidiary of BlackRock Holdco 6, LLC, which in turn was indirectly held as to 90% by BlackRock, Inc..
 - 5.5 BlackRock Advisors, LLC held 2,780,000 H Shares (long position) in the Company. BlackRock Advisors, LLC was an indirect wholly-owned subsidiary of BlackRock Inc..
 - 5.6 BlackRock Japan Co., Ltd. held 8,914,485 H Shares (long position) in the Company. BlackRock Japan Co., Ltd. was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
 - 5.7 BlackRock Asset Management Canada Limited held 454,000 H Shares (long position) in the Company. BlackRock Asset Management Canada Limited was an indirect wholly-owned subsidiary of BlackRock Canada Holdings LP, which in turn was indirectly owned as to 99.9% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5. (Continued)

- 5.8 BlackRock Investment Management (Australia) Limited held 2,229,750 H Shares (long position) in the Company. BlackRock Investment Management (Australia) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.9 BlackRock Asset Management North Asia Limited held 4,821,176 H Shares (long position) in the Company. BlackRock Asset Management North Asia Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.10 BlackRock (Netherlands) B.V. held 5,876,787 H Shares (long position) in the Company. BlackRock (Netherlands) B.V. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.11 BlackRock Asset Management Ireland Limited held 25,061,727 H Shares (long position) in the Company. BlackRock Asset Management Ireland Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.12 BLACKROCK (Luxembourg) S.A. held 24,374,000 H Shares (long position) and 28,000 H Shares (short position) in the Company. BLACKROCK (Luxembourg) S.A. was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.13 BlackRock Investment Management (UK) Limited held 9,273,309 H Shares (long position) in the Company. BlackRock Investment Management (UK) Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.14 BlackRock Fund Managers Limited held 24,581,414 H Shares (long position) in the Company. BlackRock Fund Managers Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

I. Substantial shareholders and persons who had interests or short position discloseable under Divisions 2 and 3 of Part XV of the SFO (Continued)

Notes: (Continued)

5. (Continued)

- 5.15 BlackRock Life Limited held 5,754,819 H Shares (long position) in the Company. BlackRock Life Limited was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.16 BlackRock (Singapore) Limited held 744,000 H Shares (long position) in the Company. BlackRock (Singapore) Limited was an indirect wholly-owned subsidiary of BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.17 BlackRock Asset Management Schweiz AG held 10,000 H Shares (long position) in the Company. BlackRock Asset Management Schweiz AG was an indirect wholly-owned subsidiary of BlackRock Group Limited, which in turn was indirectly held as to 90% by BR Jersey International Holdings L.P., which in turn was indirectly held as to 86% by BlackRock, Inc..
- 5.18 Aperio Group, LLC held 236,931 H Shares (long position) in the Company. Aperio Group, LLC was a direct wholly-owned subsidiary of Aperio Holdings, LLC, which in turn was directly held as to 60% by Amethyst Intermediate, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.), and 40% by EG Holdings Blocker, LLC (an indirect wholly-owned subsidiary of BlackRock, Inc.).

The 506,000 H Shares (long position) and 2,126,000 H Shares (short position) of BlackRock, Inc. in the Company were held through derivatives as follows:

506,000 H Shares (long position) and – through cash settled unlisted derivatives
2,126,000 H Shares (short position)

Significant Events (Continued)

DISCLOSURE OF INTERESTS (CONTINUED)

II. Interests and Short Positions of Directors and Supervisors

As at 30 June 2022, as far as the Company is aware, none of the Directors nor the Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified by the Directors or the Supervisors to the Company and the Stock Exchange pursuant to the Model Code nor have they been granted the right to acquire any interests in shares or debentures of the Company or any of its associated corporations.

Report on Review of Condensed Consolidated Financial Statements



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TO THE BOARD OF DIRECTORS OF CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China National Building Material Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 74 to 138, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”), issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements as at 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flow for the six-month period ended 30 June 2021 and the relevant explanatory information included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for six-month period ended 30 June 2021 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 27 August 2021. The comparative condensed consolidated statement of financial position as at 31 December 2021 was extracted from the consolidated financial statements of the Group for the year ended 31 December 2021 audited by the same auditor who expressed an unmodified opinion on those statements on 25 March 2022.

Moore Stephens CPA Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 26 August 2022

Condensed Consolidated Financial Statements

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 RMB'000 (unaudited)	2021 RMB'000 (restated) (unaudited)
Revenue	5	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	6	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	7	(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	8	11,573,666	17,389,251
Income tax expense	9	(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
		RMB	RMB
Earnings per share – basic and diluted	11	0.646	0.939

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (restated) (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

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(Expressed in Renminbi)

	Note	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	186,411,105	181,240,991
Right-of-use assets	13	28,346,316	29,277,058
Investment properties		1,114,220	965,215
Goodwill	14	32,338,152	32,323,232
Intangible assets		26,355,519	25,602,025
Interests in associates	15	28,273,713	26,870,710
Interests in joint ventures		129,663	131,348
Financial assets at fair value through profit or loss	18	1,940,187	2,524,452
Deposits	16	4,410,648	3,990,272
Trade and other receivables	17	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	17	91,149,630	87,002,546
Financial assets at fair value through profit or loss	18	6,280,347	8,259,699
Derivative financial instruments		795	16,578
Amounts due from related parties	29(b)	2,150,157	2,198,675
Pledged bank deposits	19	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 Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2022

(Expressed in Renminbi)

	Note	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Current liabilities			
Trade and other payables	20	97,479,370	98,539,961
Amounts due to related parties	29(b)	4,328,075	4,834,060
Borrowings – amount due within one year	21	99,146,289	73,750,558
Lease liabilities		1,236,115	432,754
Derivative financial instruments		7,796	7,434
Employee benefits payable	22	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	21	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	22	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 Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2022

(Expressed in Renminbi)

	<i>Note</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Capital and reserves			
Share capital	23(a)	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	23(b)	19,422,647	16,809,142
Non-controlling interests		64,905,477	59,941,879
Total equity		187,457,377	178,624,423

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

	Attributable to owners of the Company							Total	Perpetual capital instruments	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund	Hedging reserve	Exchange reserve	Retained earnings				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022 (audited)	8,434,771	1,788,736	11,113,884	12,634,530	(4,605)	(158,349)	68,064,435	101,873,402	16,809,142	59,941,879	178,624,423
Profit for the period	-	-	-	-	-	-	5,447,595	5,447,595	345,429	3,822,496	9,615,520
Other comprehensive income/(expense), net of tax:											
Actuarial gain on defined benefit obligations (Note 22)	-	-	1,650	-	-	-	-	1,650	-	1,732	3,382
Currency translation differences	-	-	-	-	-	(4,374)	-	(4,374)	-	1,638	(2,736)
Share of associates' other comprehensive income	-	-	(2,364)	-	-	(10,307)	-	(12,671)	-	-	(12,671)
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	3,347	-	-	3,347	-	3,515	6,862
Total comprehensive income/(expense) for the period (unaudited)	-	-	(714)	-	3,347	(14,681)	5,447,595	5,435,547	345,429	3,829,381	9,610,357
Dividends paid (Note 10)	-	-	-	-	-	-	(5,845,296)	(5,845,296)	-	-	(5,845,296)
Dividends declared to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(2,935,798)	(2,935,798)
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	(218,684)	-	(218,684)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	3,993,910	-	3,993,910
Redemption of perpetual capital instruments	-	-	-	-	-	-	-	-	(1,507,150)	-	(1,507,150)
Contributions from non-controlling interests	-	-	1,286,765	-	-	-	-	1,286,765	-	3,114,436	4,401,201
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	139,235	139,235
Deemed disposal of subsidiaries (Note 24(c))	-	-	45,526	(11,314)	-	-	15,358	49,570	-	(181,243)	(131,673)
Decrease in non-controlling interests as result of acquisition of additional interests in subsidiaries without change in control (Note 25(a))	-	-	(67,651)	-	-	-	-	(67,651)	-	(220,239)	(287,890)
Deemed partial disposal of interests in subsidiaries without losing control (Note 25(b))	-	-	295,462	-	-	-	-	295,462	-	1,215,788	1,511,250
Recognition of equity-settled share-based payments of a subsidiary	-	-	14,412	-	-	-	-	14,412	-	-	14,412
Others	-	-	88,256	(11)	-	-	(1,203)	87,042	-	2,038	89,080
Balance at 30 June 2022 (unaudited)	8,434,771	1,788,736	12,775,940	12,623,205	(1,258)	(173,030)	67,680,889	103,129,253	19,422,647	64,905,477	187,457,377

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

	Attributable to owners of the Company										Perpetual capital instruments	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund	Fair value reserve	Share option reserve	Hedging reserve	Exchange reserve	Retained earnings	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021 (audited)	8,434,771	1,788,736	12,276,674	9,460,344	(1,186)	11,929	(9,635)	(296,645)	58,658,813	90,323,801	18,637,177	56,334,614	165,295,592
Profit for the period (restated)	-	-	-	-	-	-	-	-	7,918,748	7,918,748	404,964	4,859,349	13,183,061
Other comprehensive income/(expense), net of tax:													
Actuarial gain on defined benefit obligations (Note 22)	-	-	259	-	-	-	-	-	-	259	-	836	1,095
Currency translation differences	-	-	-	-	-	-	-	(30,287)	-	(30,287)	-	(29,170)	(59,457)
Change in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	(138)	-	-	-	-	(138)	-	(14)	(152)
Share of associates' other comprehensive income	-	-	(10,566)	-	-	-	-	23,867	-	13,301	-	-	13,301
Share of joint ventures' other comprehensive expense	-	-	(42)	-	-	-	-	-	-	(42)	-	(28)	(70)
Change in the fair value on hedging instruments designated as cash flow hedges	-	-	-	-	-	-	2,582	-	-	2,582	-	3,860	6,442
Total comprehensive income/(expense) for the period (restated and unaudited)	-	-	(10,349)	-	(138)	-	2,582	(6,420)	7,918,748	7,904,423	404,964	4,834,833	13,144,220
Dividends paid (Note 10)	-	-	-	-	-	-	-	-	(3,964,342)	(3,964,342)	-	-	(3,964,342)
Dividends paid to the non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,373,741)	(4,373,741)
Disposal of subsidiaries (Note 24(b))	-	-	-	-	-	-	-	-	-	-	-	(6,911)	(6,911)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	277,278	277,278
Increase in non-controlling interests as a result of acquisition of subsidiaries (Note 24(a))	-	-	-	-	-	-	-	-	-	-	-	3,686,499	3,686,499
Decrease in non-controlling interests as result of acquisition of additional interests in subsidiaries without change in control (Note 25(a))	-	-	(248,469)	-	-	-	-	-	-	(248,469)	-	(702,573)	(951,042)
Deemed partial disposal of interests in subsidiaries without losing control (Note 25(b))	-	-	441,428	-	-	-	-	-	-	441,428	-	2,519,485	2,960,913
Appropriation to statutory reserve	-	-	-	782,173	-	-	-	-	(782,173)	-	-	-	-
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	(237,386)	-	(237,386)
Issue of perpetual capital instruments, net of issuance cost	-	-	-	-	-	-	-	-	-	-	2,992,820	-	2,992,820
Share of reserve in associates	-	-	59,349	-	-	-	-	-	-	59,349	-	301	59,650
Recognition of equity-settled share-based payments	-	-	-	-	-	535	-	-	-	535	-	800	1,335
Business combination under common control	-	-	(36,009)	-	-	-	-	-	-	(36,009)	-	-	(36,009)
Redemption of perpetual capital instruments	-	-	(8,711)	-	-	-	-	-	-	(8,711)	(1,991,289)	-	(2,000,000)
Others	-	-	125,069	-	-	-	-	-	(1,363)	123,706	-	109,984	233,690
Balance at 30 June 2021 (restated and unaudited)	8,434,771	1,788,736	12,598,982	10,242,517	(1,324)	12,464	(7,053)	(303,065)	61,829,683	94,595,711	19,806,286	62,680,569	177,082,566

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (restated) (unaudited)
Net cash generated from operating activities	11,109,013	15,768,344
Investing activities		
Purchases of property, plant and equipment	(12,252,657)	(12,996,335)
Payments for right-of-use assets	(519,213)	(376,715)
Purchases of intangible assets	(1,422,252)	(4,223,107)
Net cash outflows from acquisition of subsidiaries (Note 24(a))	(142,700)	(778,783)
Net cash inflows from disposal of subsidiaries (Note 24(b))	14,413	10,456
Net cash outflow from deemed disposal of subsidiaries (Note 24(c))	(886,115)	–
Acquisition of interests in associates	(185,072)	(558,045)
Deposits paid	(1,300,399)	(5,354,276)
Business combination under common control	–	(31,976)
Other investing cash inflows, net	4,692,236	7,553,583
Net cash used in investing activities	(12,001,759)	(16,755,198)
Financing activities		
Interest paid	(3,740,341)	(3,308,854)
Dividends paid to shareholders	(5,845,296)	(3,964,342)
Dividends paid to the non-controlling interests of subsidiaries	(3,525,807)	(3,835,381)
Repayment of borrowings	(62,252,513)	(64,756,439)
New borrowings raised	79,811,598	74,494,547
Repayment of lease liabilities	(321,135)	(446,264)
Payments for acquisition of additional interests in subsidiaries	(287,890)	(951,042)

Condensed Consolidated Financial Statements (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (restated) (unaudited)
Deemed partial disposal of interest in subsidiaries without losing control	1,511,250	170,429
Contributions from non-controlling interests	4,401,201	–
Issue of perpetual capital instruments, net of issuance cost	3,993,910	2,992,820
Redemption of perpetual capital instruments	(1,507,150)	(2,000,000)
Other financing cash outflows, net	(939,087)	(47,740)
Net cash generated from/(used in) financing activities	11,298,740	(1,652,266)
Net increase/(decrease) in cash and cash equivalents	10,405,994	(2,639,120)
Cash and cash equivalents at 1 January	27,260,215	29,823,909
Effect of foreign exchange rate changes	106,634	(119,679)
Cash and cash equivalents at 30 June	37,772,843	27,065,110

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

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”.

The 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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

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, as mentioned in Note 2(a), 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.

As stated in Note 26, 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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

2 Basis of preparation and accounting policies (Continued)

(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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

2 Basis of preparation and accounting policies (Continued)

(a) Application of amendments to IFRSs (Continued)

(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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

3 Estimates

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

4 Financial risk factors

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity risk and capital risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no changes in the risk management policies during the current period.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.2 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

4.3 Fair value measurement of financial instruments

(a) *Financial instruments that are measured at fair value on a recurring basis*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Derivative financial instruments	–	795	–	795
Financial assets at fair value through profit or loss	4,544,369	–	3,676,165	8,220,534
Total assets (unaudited)	4,544,369	795	3,676,165	8,221,329
Liabilities				
Derivative financial instruments	–	7,796	–	7,796
Total liabilities (unaudited)	–	7,796	–	7,796

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Derivative financial instruments	–	16,578	–	16,578
Financial assets at fair value through profit or loss	5,008,368	–	5,775,783	10,784,151
Total assets (audited)	5,008,368	16,578	5,775,783	10,800,729
Liabilities				
Derivative financial instruments	–	7,434	–	7,434
Total liabilities (audited)	–	7,434	–	7,434

During the six months ended 30 June 2022, there were no significant transfers between levels of the financial assets and financial liabilities.

During the six months ended 30 June 2022, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

The fair value of financial instruments traded in active market is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The instruments are included in Level 1. Instruments includes in Level 1 comprise primarily Hong Kong Stock Exchange, Shenzhen Stock Exchange and Shanghai Stock Exchange equity investments classified as trading securities.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of financial guarantee contracts is estimated by the management with reference to the financial condition of the guarantee, which were considered as Level 3 valuation.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.3 Fair value measurement of financial instruments (Continued)

(a) Financial instruments that are measured at fair value on a recurring basis (Continued)

Information about Level 3 fair value measurements:

Financial assets	30 June 2022	Fair value at 31 December 2021	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
	RMB'000	RMB'000		
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative: RMB1,777,130	Bank deposits in Mainland China with non-closely related embedded derivative: RMB3,537,028	Discounted cash flows Key unobservable inputs are: Expected yields of 1.48% to 3.45% (31/12/2021: 1.48%–3.45%) of money markets and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note(ii))	The higher the discount rate, the lower the fair value The higher the expected yield, the higher the fair value
Unlisted equity shares classified as financial assets at fair value through profit or loss	Unlisted equity shares, amounts of RMB1,899,035	Unlisted equity shares, amounts of RMB2,238,755	Market comparable companies Key unobservable input: Discount for lack of marketability: 26.9%–30.8% (31/12/2021: 26.9%–30.8%) (Note (iii))	The higher the discount, the lower the fair value

Note:

- (i) The management considers that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of structured deposits was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.
- (ii) The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2022, it is estimated that with all other variable held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the group's profit or loss by RMB8.36 million.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

4 Financial risk factors (Continued)

4.3 Fair value measurement of financial instruments (Continued)

(a) *Financial instruments that are measured at fair value on a recurring basis (Continued)*

Reconciliation of level 3 fair value measurements

	Financial assets at fair value through profit or loss <i>RMB'000</i>
At 1 January 2021, as restated	3,502,798
Total loss recognised in profit or loss	(16,520)
Additions	12,560,883
Disposals	(10,271,378)
At 31 December 2021 (audited)	5,775,783
Total gains recognised in profit or loss	19,448
Additions	9,827,186
Disposals	(11,946,252)
As at 30 June 2022 (unaudited)	3,676,165

(b) *Financial instruments that are not measured at fair value on a recurring basis*

The management considers that the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 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.

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 of results of associates, share of results of joint ventures and income tax expense. This is the measure reported to the management for the purpose of resource allocation and assessment of segment performance. Management views the combination of these measures, in combination with other reported measures, as providing a better understanding for management and investors of the operating results of its business segments for the period under evaluation compared to relying on one of the measures.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 Segment information (Continued)

(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 <i>(Note)</i>	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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 Segment information (Continued)

(b) As at 30 June 2022:

The segment assets and liabilities as at 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
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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 Segment information (Continued)

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

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

	Cement RMB'000 (restated)	Concrete RMB'000	New materials RMB'000 (restated)	Engineering services RMB'000	Others RMB'000 (restated)	Eliminations RMB'000	Total RMB'000 (restated)
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 (Note)	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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 Segment information (Continued)

(d) As at 31 December 2021:

The segment assets and liabilities as at 31 December 2021 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
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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

5 Segment information (Continued)

- (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 RMB'000 (unaudited)	2021 RMB'000 (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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

6 Investment and other income, net

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (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 (Note (a))	504,038	620,427
– Government grants (Note (b))	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 (Note 24(b))	1,966	3,220
Gain on deemed disposal of subsidiaries (Note 24(c))	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 (Note 24(a))	–	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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

6 Investment and other income, net (Continued)

Notes: (Continued)

- (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.

7 Finance costs, net

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

8 Profit before tax

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

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (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
	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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

9 Income tax expense

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (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.

10 Dividends

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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

10 Dividends (Continued)

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).

11 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
	RMB'000	RMB'000
	(unaudited)	(restated) (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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

12 Property, plant and equipment

Six months ended 30 June 2022

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
Net book value					
As at 1 January 2022 (audited)	15,034,182	93,779,391	70,571,436	1,855,982	181,240,991
Additions	9,537,286	957,937	1,639,179	118,255	12,252,657
Acquisition of subsidiaries (Note 24(a))	9,932	84,415	63,139	1,200	158,686
Transfer from construction in progress	(4,247,142)	1,591,741	2,641,970	13,431	–
Transfer to construction in progress for reconstruction	141,712	(100,768)	(40,791)	(153)	–
Transfer from investment properties	–	139	–	–	139
Transfer to investment properties	–	(120,515)	–	–	(120,515)
Reclassified as held for sale	–	(1,008)	–	–	(1,008)
Disposals	(123,247)	(137,712)	(574,621)	(18,304)	(853,884)
Disposals of subsidiaries (Note 24(b))	–	(1,811)	(3,645)	(1,250)	(6,706)
Deemed disposal of subsidiaries (Note 24(c))	(190,751)	(337,966)	(301,327)	(3,477)	(833,521)
Depreciation and impairment	–	(2,063,947)	(3,191,205)	(165,346)	(5,420,498)
Exchange adjustments	992	8,222	(16,267)	1,817	(5,236)
Net book value as at 30 June 2022 (unaudited)	20,162,964	93,658,118	70,787,868	1,802,155	186,411,105

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

12 Property, plant and equipment (Continued)

Year ended 31 December 2021

	Construction in progress RMB'000	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2021	19,551,759	87,076,905	63,764,229	2,063,968	172,456,861
Additions	21,751,725	2,392,484	3,137,793	342,739	27,624,741
Acquisition of subsidiaries	218,162	2,780,542	1,715,718	21,283	4,735,705
Transfer from construction in progress	(19,750,416)	7,272,273	12,450,820	27,323	-
Transfer to construction in progress for reconstruction	67,027	(19,450)	(47,577)	-	-
Transfer from investment properties	-	10,058	-	-	10,058
Transfer to investment properties	(92,602)	(8,174)	-	-	(100,776)
Disposals	(5,986,327)	(617,528)	(485,762)	(122,859)	(7,212,476)
Disposals of subsidiaries	(398,655)	(851,934)	(2,435,507)	(9,619)	(3,695,715)
Depreciation and impairment	(326,491)	(4,255,785)	(7,528,278)	(466,853)	(12,577,407)
Net book value as at 31 December 2021 (audited)	15,034,182	93,779,391	70,571,436	1,855,982	181,240,991

At the reporting date, the carrying amount of the Group's property, plant and equipment pledged to secure the bank borrowings granted to the Group is analysed as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Construction in progress	880,000	880,000
Land and buildings	1,011,281	168,510
Plant and machinery	2,057,814	392,704
Motor vehicles	1,739	237
	3,950,834	1,441,451

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

13 Right-of-use assets

	30 June 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (audited)
Leasehold lands	20,624,789	20,605,975
Leased properties	2,604,082	2,805,013
Plant and machinery	4,904,115	5,662,340
Motor vehicles	213,330	203,730
	28,346,316	29,277,058

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 2 years to 23 years. On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately RMB519.21 million (six months ended 30 June 2021: approximately RMB569.98 million).

As at 30 June 2022, the Group has pledged right-of-use assets with a carrying amount of approximately RMB741.00 million (31 December 2021: RMB152.88 million) to secure the bank borrowings granted to the Group.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

14 Goodwill

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
At the beginning of the period/year	32,323,232	33,290,321
Arising from acquisition of subsidiaries (Note 24(a))	23,531	2,117,973
Deregistration of a subsidiary	–	(40,637)
Disposal of subsidiaries (Note 24(b))	–	(62)
Impairment for the period/year	–	(2,863,830)
Exchange difference	(8,611)	(180,533)
At the end of the period/year	32,338,152	32,323,232

Goodwill is allocated to the cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Cement	25,851,814	25,852,025
Concrete	5,191,690	5,190,690
New materials	524,369	515,907
Engineering services	709,749	704,140
Others	60,530	60,470
	32,338,152	32,323,232

During the six months ended 30 June 2021, the Group recognised impairment loss of approximately RMB27.88 million in relation to goodwill allocated to the CGU of cement operation. No impairment loss in relation to goodwill is recognised for the period ended 30 June 2022.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

15 Interests in associates

	30 June 2022 <i>RMB'000</i> (unaudited)	31 December 2021 <i>RMB'000</i> (audited)
Cost of investments in associates		
– listed in the PRC	1,495,189	1,495,189
– listed in Hong Kong	740,095	740,095
– unlisted	11,448,070	10,709,515
Share of post-acquisition profit, net of dividend received	14,590,359	13,925,911
	28,273,713	26,870,710
Fair value of listed investments	20,259,489	21,544,957

As at 30 June 2022, the cost of investments in associates included goodwill of associates of approximately RMB1,699.34 million (31 December 2021: approximately RMB1,548.17 million).

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

16 Deposits

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Investment deposits for acquisition of subsidiaries	15,784	529,048
Investment deposits for acquisition of associates	–	29,484
Deposits paid to acquire property, plant and equipment	1,806,238	1,602,230
Deposits paid to acquire intangible assets	832,099	1,342,628
Deposits paid to acquire right-of-use assets	1,756,527	486,882
	4,410,648	3,990,272

Note: The carrying amounts of the deposits approximate to their fair values.

17 Trade and other receivables

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (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

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

17 Trade and other receivables (Continued)

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (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.

As at 30 June 2022, trade receivables and bills receivable with carrying amounts of approximately RMB100.74 million (31 December 2021: RMB25.36 million) and RMB3,911.86 million (31 December 2021: RMB1,561.65 million) respectively are pledged to secure bank loans granted to the Group.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

19 Pledged bank deposits

As at 30 June 2022, the Group pledged approximately RMB3,979.57 million bank deposits (31 December 2021: approximately RMB3,780.94 million), which is denominated in RMB, to banks of the Group to secure the bank borrowings due within one year and the short-term banking facilities granted to the Group. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits carry interest at market rates which ranging from 0.30%-4.60% (the year ended 31 December 2021: ranging from 0.35% to 2.80%) per annum.

20 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.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

21 Borrowings

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Bank borrowings	125,886,809	107,148,834
Bonds	57,894,292	57,988,000
Borrowings from other financial institutions	1,557,206	1,706,671
	185,338,307	166,843,505
Secured	1,853,206	4,641,385
Unsecured	183,485,101	162,202,120
	185,338,307	166,843,505
Analysed for reporting purposes:		
Non-current portion	86,192,018	93,092,947
Current portion	99,146,289	73,750,558
	185,338,307	166,834,505

The interest rates of the borrowings are ranging from 1.08% to 6.66% per annum during the period (the year ended 31 December 2021: ranging from 1% to 5%).

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

21 Borrowings (Continued)

At the end of the reporting period, the carrying amounts of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Property, plant and equipment (Note 12)	3,950,834	1,441,451
Right-of-use assets (Note 13)	741,003	152,879
Cash and cash equivalents (Note 19)	3,979,570	3,780,941
Trade receivables (Note 17)	100,735	25,364
Bills receivable (Note 17)	3,911,857	1,561,646
	12,683,999	6,962,281

22 Employee benefits payable

The Group operates unfunded defined benefit plan for qualifying former employees. The Group paid supplemental pension subsidies or pension contributions to its employees in the PRC who retired prior to 31 December 2006. In addition, the Group is committed to make periodic benefits payments to certain former employees who were terminated or early retired in accordance with various rationalisation programmes adopted by the Group prior to 31 December 2006. The Group ceased to pay the supplemental pension subsidies and other post-employment medical benefits to its retired employees and early retired employees in the PRC who leave the Group after 31 December 2006.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

22 Employee benefits payable (Continued)

The movements of employee benefit payable are as follows:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
At the beginning of the period/year	250,424	242,442
Interest (income)/expense	(358)	6,461
Remeasurements:		
– Adjustments for restrictions on the defined benefit asset	80	28,986
– Actuarial (gains)/losses recognised in the period/year	(3,382)	3,122
– Past service cost, including losses on curtailments	4,274	(3,479)
Benefits paid	(18,196)	(27,108)
At the end of the period/year	232,842	250,424

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Analysed for reporting purposes:		
Non-current portion	210,282	217,027
Current portion	22,560	33,397
	232,842	250,424

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

23 Share capital and perpetual capital instruments

(a) Share capital

	Domestic share (Note (i))		H Shares (Note (ii))		Unlisted foreign shares (Note (iii))		Total capital RMB'000
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000	
Registered and paid up shares of RMB1.0 each							
As at 1 January 2021	4,454,898,633	4,454,899	3,868,697,794	3,868,698	111,174,235	111,174	8,434,771
Conversion of shares (Note (iv))	(578,274,471)	(578,275)	689,448,706	689,449	(111,174,235)	(111,174)	-
As at 31 December 2021, 1 January 2022 and 30 June 2022	3,876,624,162	3,876,624	4,558,146,500	4,558,147	-	-	8,434,771

Notes:

- (i) Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by PRC government and/or PRC incorporated entities only.
- (ii) H shares are ordinary shares listed in the Hong Kong Stock Exchange subscribed for, traded in and credited as fully paid up in HKD by persons other than PRC government and/or PRC incorporated entities only.
- (iii) Unlisted Foreign Shares are non-overseas listed ordinary shares subscribed for and credited as fully paid up in foreign currency by persons other than PRC government and/or PRC incorporated entities only.
- (iv) During the year ended 31 December 2021, the Company obtained approval from China Securities Regulatory Commission and Listing Committee of the Stock Exchange in respect of the conversion of 578,274,471 of domestic shares and 111,174,235 of unlisted foreign shares into H shares (the "Conversion of shares"). The Conversion of shares was completed on 9 August 2021.

Other than the specific requirements on the holders of the shares as set out in Notes (i), (ii), (iii) and (iv) the shares mentioned above rank pari passu in all respects with each other.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

23 Share capital and perpetual capital instruments (Continued)

(b) Perpetual capital instruments

During the six months ended 30 June 2022, the Company issued the perpetual interest-bearing debentures in an aggregate principal amounts of RMB40 million with coupon rates ranging from 2.99% to 3.13%. The net proceeds after deducting the issuance cost amounted to approximately RMB3,993.91 million. Unless a mandatory interest payment event has occurred, on each interest payment date of the perpetual interest-bearing debentures, the Company can elect to defer payment of interest due and all interest deferred pursuant to this term and its fruits to the next interest payment date without any limitation on the number of times of such deferral. The aforesaid deferral of interest shall not constitute a default by the Company. Interest shall accrue on the deferred interest at the prevailing coupon rate over the period of deferral. The perpetual interest-bearing debentures have no maturity date and will continue indefinitely until redeemed by the Company in accordance with their terms. The Company is entitled to redeem the perpetual capital instruments at par value plus payable interest (including all deferred interest) on the third and each of the subsequent interest payment dates of the perpetual interest-bearing debentures. If the Company does not exercise the right of redemption, the coupon rate will be reset every three years from the third interest-bearing year onwards.

Besides, during the period ended 30 June 2022, the Company redeemed the perpetual interest-bearing debentures in an aggregate principal amounts of RMB15 million and settled the principals and interests amounted to approximately RMB1,507.15 million in aggregate.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries

(a) Acquisition of subsidiaries not under common control

During the six months ended 30 June 2022, the Group acquired 4 (2021: 25) subsidiaries. The acquired subsidiaries and business are principally engaged in the production and sale of cement and concrete and sale of new materials.

These acquisitions have been accounted for using the acquisition method.

Summary of assets acquired and liabilities recognised in the transactions during the periods ended 30 June 2022 and 2021, and the goodwill arising, are as follows:

	2022 RMB'000	2021 RMB'000 (restated) (Note (ii))
Net assets acquired:		
Property, plant and equipment	158,686	4,551,285
Right-of-use assets	164	1,253,549
Investment properties	45,273	–
Intangible assets	60,513	1,358,026
Interests in associates	–	21,000
Deferred income tax assets	923	76,682
Inventories	33,745	525,970
Trade and other receivables	307,067	982,939
Amounts due from related parties	–	1,368,634
Pledged bank deposit	2,553	72,513
Cash and cash equivalents	56,967	303,493
Trade and other payables	(207,040)	(1,836,859)
Current income tax liabilities	(844)	(48,990)
Amounts due to related parties	–	(69,525)
Borrowings	(70,677)	(2,035,481)
Lease liabilities	–	(298)
Deferred income	–	(29,032)
Deferred income tax liabilities	(10,363)	(768,064)
Non-controlling interests	685	–
Net assets	377,652	5,725,842
Non-controlling interests (Note (i))	(139,235)	(3,160,057)
Discount on acquisition of subsidiaries (Note 6)	–	(12,943)
Goodwill	23,459	1,967,064
Total consideration	261,876	4,519,906

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(a) Acquisition of subsidiaries not under common control (Continued)

	2022 RMB'000	2021 RMB'000
Total consideration satisfied by:		
Cash	199,667	1,082,276
Other payables	62,209	120,704
Additional interests to non-controlling interests	–	526,442
Partial interests of the Group's subsidiaries <i>(Note (iii))</i>	–	2,790,484
	261,876	4,519,906
Net cash outflow arising on acquisition:		
Cash consideration paid	(199,667)	(1,082,276)
Less: cash and cash equivalents acquired	56,967	303,493
	(142,700)	(778,783)

Notes:

- (i) The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of the acquired subsidiaries and business.
- (ii) Upon the completion of identification and fair value measurements as of the acquisition dates of identifiable intangible and other assets and liabilities assumed in respect of certain acquisitions during the course of the preparation of the annual consolidated financial statements for the year ended 31 December 2021, the fair values of certain assets acquired and goodwill recognised in respect of certain acquisitions completed in the interim period ended 30 June 2021 have been restated from their provisional amounts to their final amounts.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(a) Acquisition of subsidiaries not under common control (Continued)

Notes: (Continued)

- (iii) On 24 May 2021, China United Cement Corporation (“China United Cement”), a wholly-owned subsidiary of the Company) and Henan Investment Group entered into the Amended and Restated Cooperation Agreement, whereby China United Cement will, by injecting its equity interests in some of its subsidiaries, contribute RMB6,000 million (representing 60% of the registered capital of Henan China United) to the registered capital of a newly established company, Henan China United Tongli material Co., Ltd. (“Henan China United”); Henan Investment Group will, by injecting its equity interests in some of its subsidiaries, contribute RMB4,000 million (representing 40% of the registered capital of Henan China United) to the registered capital of Henan China United. The proportion of the value of those assets to be injected to the registered capital by the parties, which exceeds the respective registered capital contribution subscribed by each party, will be recognised as Henan China United’s capital reserve. In order to make the parties’ contribution to Henan China United’s capital reserve in proportionate to the parties’ contribution to Henan China United’s registered capital, China United Cement has paid a corresponding amount in cash to make up its contribution to Henan China United’s capital reserve.

From the Group’s perspective, this was effectively an acquisition of certain subsidiaries from Henan Investment Group during the period ended 30 June 2021.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(a) Acquisition of subsidiaries not under common control (Continued)

The goodwill mainly arising on the acquisition of these companies is attributable to the benefit of expected revenue growth and future market development, and the synergies in consolidating the Group's cement and concrete operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the revenue and profit for the period ended 30 June 2022 are approximately RMB100.6 million and RMB6.5 million respectively attributable to the additional business mainly generated by these newly acquired cement and concrete companies.

Had these business combinations been effective at 1 January 2022, the revenue and profit for the period ended 30 June 2022 of the Group would be approximately RMB108,997.3 million and RMB5,443.5 million, respectively. The management of the Company considers these 'pro-forma' an approximate measure of the performance of the combined group on an annualised basis and reference point for comparison in future periods.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(b) Disposal of subsidiaries

During the six months ended 30 June 2022 and 2021, the Group disposed its equity interests in certain subsidiaries to third parties. The net assets of these disposed subsidiaries at the date of disposal were as follows:

	2022 RMB'000	2021 RMB'000
Net assets disposed of:		
Property, plant and equipment (<i>Note 12</i>)	6,706	24,071
Right-of-use assets	53	18,310
Deferred income tax assets	401	–
Inventories	947	3,619
Trade and other receivables	12,057	9,002
Cash and cash equivalents	–	12
Trade and other payables	(6,856)	(40,855)
Current income tax liabilities	(861)	–
Non-controlling interests	–	(6,911)
Net assets disposed of	12,447	7,248
Consideration received:		
Cash	14,413	10,468
Gain on disposal of subsidiaries		
Consideration received and receivable	14,413	10,468
Net assets disposal of	(12,447)	(7,248)
Gain on disposal of subsidiaries, net (<i>Note 6</i>)	1,966	3,220
Net cash inflow of cash arising from disposal of subsidiaries:		
Cash consideration	14,413	10,468
Cash and cash equivalents in subsidiaries disposed of	–	(12)
Net cash inflow from disposal of subsidiaries	14,413	10,456

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(c) Deemed disposal of subsidiaries

On 29 June 2022, Sinoma Advanced, a non-wholly owned subsidiary of the Company, entered into the Capital Contribution Agreement with the Company, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced, pursuant to which, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced agreed to make a capital contribution totalling RMB979.20 million to Sinoma Advanced on a basis of RMB4.69/registered capital. Upon completion of the Capital Contribution on 29 June 2022, the registered capital of Sinoma Advanced will increase from RMB167.15 million to RMB375.79 million. The Company, Sinoma Group, Building Materials Academy, BNBM and the minority shareholder of Sinoma Advanced will hold approximately 44.33%, 26.56%, 28.35%, 0.41% and 0.35% equity interests in Sinoma Advanced, respectively. At the same time, Sinoma Group will enter into an equity transfer agreement with Building Materials Academy, pursuant to which, Sinoma Group will transfer its 26.56% equity interests in Sinoma Advanced to Building Materials Academy at nil consideration, so that Building Materials Academy will become the controlling shareholder of Sinoma Advanced holding approximately 54.91% equity interests in Sinoma Advanced. Accordingly, the Group lost control of Sinoma Advanced and Sinoma Advanced will cease to be a subsidiary of the Company and become an associated company of the Company. The net assets of Sinoma Advanced as at the date of deemed disposal are as follows:

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

24 Acquisition and disposals of subsidiaries (Continued)

(c) Deemed disposal of subsidiaries (Continued)

	RMB'000
Net assets disposed of:	
Property, plant and equipment (<i>note 12</i>)	833,521
Right-of-use assets	165,828
Intangible assets	36,653
Investments in associates	182,836
Deposits	81,662
Deferred income tax assets	10,001
Inventories	335,678
Trade and other receivables	207,552
Pledged bank deposits	38,834
Cash and cash equivalents	886,115
Trade and other payables	(938,577)
Borrowings	(1,127,290)
Current income tax liabilities	(4,761)
Dividend payable to non-controlling interests	(3,045)
Deferred income	(31,282)
Deferred income tax liabilities	(645)
Net assets disposed of:	673,080
Gain on deemed disposal:	
Net assets disposed of	(673,080)
Non-controlling interests	181,243
Fair value of the equity interest in Sinoma Advanced held by the Group as interest in an associate (44.33%)	781,845
Gain on disposal of subsidiaries, net	290,008
Net cash outflow of cash on a deemed disposal:	
Cash and cash equivalents	(886,115)

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

25 Transactions with non-controlling interests

(a) Acquisition of additional interests in subsidiaries without change in control

	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Carrying amount of non-controlling interests acquired	220,239	702,573
Consideration paid to non-controlling interests	(287,890)	(951,042)
Excess consideration paid recognised within parent's equity	(67,651)	(248,469)

Details of the Group's significant acquisitions of additional interests in subsidiaries without change in control during the six months ended 30 June 2022 is as follows:

Sichuan Shuyang Waterproof Materials Co., Ltd. (“四川蜀羊防水材料有限公司”)(“Shuyang Waterproof”)

During the period ended 30 June 2022, the Group acquired additional equity interests in Shuyang Waterproof at a consideration of approximately RMB230.85 million. After that, the Group's effective equity interests in Shuyang Waterproof increased from 70% to 100%. The Group recognised a decrease in non-controlling interests of approximately RMB182.29 million and a decrease in equity attributable to owners of the Company of approximately RMB48.56 million.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

25 Transactions with non-controlling interests (Continued)

(b) Deemed partial disposal of interests in subsidiaries without losing control

	30 June 2022 RMB'000 (unaudited)	30 June 2021 RMB'000 (unaudited)
Carrying amount of equity interest disposed of to non-controlling interests	(1,215,788)	(2,519,485)
Capital contributed by non-controlling interests	1,511,250	2,960,913
Gain on disposal within equity	295,462	441,428

Details of the Group's significant deemed partial disposal of interests in subsidiaries without losing control during the period ended 30 June 2022 as follows:

New Tianshan Cement

During the period ended 30 June 2022, New Tianshan Cement issued and allotted 314,616,887 subscription shares to independent subscribers at an aggregate consideration of RMB4,230.32 million, which were listed on the Shenzhen Stock Exchange on 25 February 2022. After the issuance of the additional shares, the Company's equity interest in New Tianshan Cement was reduced from 87.70% to 84.52%. The Group recognised an increase in equity attributable to owners of the Company of approximately RMB1,160.35 million and an increase in non-controlling interest of approximately RMB3,069.98 million.

26 Business combination under common control

As Suzhou Institute, CNBM Mining and Beijing Zhongbei were acquired during the year ended 31 December 2021, its financial position has already been included in the consolidated statement of financial position of the Group as at 31 December 2021 as previously reported.

As Suzhou Institute was acquired during the six months ended 30 June 2021, its financial performance has already been included in the condensed consolidated statement of profit or loss of the Group for the six months ended 30 June 2021 as previously reported.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

26 Business combination under common control (Continued)

The reconciliation of the effect arising from the common control combination on the condensed consolidated statement of profit or loss for the six months ended 30 June 2021 is as follow:

	The Group excluding CNBM Mining and Beijing Zhongbei RMB'000	CNBM Mining Investment Nig. Limited ("CNBM Mining") RMB'000	Beijing Zhongbei Kiln & Furnace Technical Company ("Beijing Zhongbei") RMB'000	Adjustments RMB'000	Consolidated RMB'000
Revenue	121,870,394	19,436	10,710	(27,769)	121,872,771
Cost of sales	(91,519,567)	(9,691)	(4,557)	-	(91,533,815)
Gross profit	30,350,827	9,745	6,153	(27,769)	30,338,956
Investment and other income, net	1,624,320	-	32	-	1,624,352
Selling and distribution costs	(2,333,962)	(1,532)	-	-	(2,335,494)
Administrative expenses	(10,101,610)	(1,778)	(49,003)	27,769	(10,124,622)
Finance costs, net	(3,272,372)	(38)	612	-	(3,271,798)
Share of results of associates	1,855,684	-	-	-	1,855,684
Share of results of joint ventures	(392)	-	-	-	(392)
Impairment loss under expected credit loss model, net of reversal	(697,435)	-	-	-	(697,435)
Profit/(loss) before tax	17,425,060	6,397	(42,206)	-	17,389,251
Income tax expense	(4,205,930)	-	(260)	-	(4,206,190)
Profit/(loss) for the period	13,219,130	6,397	(42,466)	-	13,183,061
Profit/(loss) for the period attributable to:					
Owners of the Company	7,958,795	6,397	(44,525)	(1,919)	7,918,748
Holders of perpetual capital instruments	404,964	-	-	-	404,964
Non-controlling interests	4,855,371	-	2,059	1,919	4,859,349
	13,219,130	6,397	(42,466)	-	13,183,061

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

26 Business combination under common control (Continued)

The effect of business combinations of entities under common control described above, on the Group's basic and diluted earnings per share for the six months ended 30 June 2021 is as follows:

	Impact on earnings per share <i>RMB</i> (unaudited)
Reported figures before restatement	0.944
Restatement arising from business combinations of entities under common control	(0.005)
Restated	0.939

The effect of business combinations of entities under common control described above, on the Group's net profit for the six months ended 30 June 2021 is as follows:

	Net profit <i>RMB'000</i> (unaudited)
Reported figures before restatement	13,219,130
Restatement arising from business combinations of entities under common control	(36,069)
Restated	13,183,061

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

27 Commitments

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Capital expenditure of the Group contracted but not provided in the condensed consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	26,321	938,285

28 Contingent liabilities and litigation

The Gypsum Board Litigation in the United States

References are made to the overseas regulatory announcement of the Company dated 30 May 2010 in respect of an announcement released by BNBM, relating to the gypsum board incident in the United States and the announcements dated 18 July 2014, 20 August 2014, 13 February 2015 and 13 March 2015, the 2014 annual report, the 2015 interim report, the 2015 third-quarterly report and the 2015 annual report, the 2016 interim report, the 2016 annual report, the announcement dated 22 June 2017, the 2017 interim report, the announcement dated 22 March 2018, the 2017 annual report, the announcement dated 22 August 2018, the 2018 interim report, the announcement dated 19 March 2019, the 2018 annual report, the announcement dated 30 July 2019, the 2019 interim report, the 2019 annual report, the 2020 interim report, the 2020 annual report, the 2021 interim report and the 2021 annual report of the Company, setting out information on the subsequent development of the gypsum board litigation in the United States.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

28 Contingent liabilities and litigation (Continued)

The Gypsum Board Litigation in the United States (Continued)

In August 2019, Taishan Gypsum and Taian Taishan Plasterboard Co., Ltd.* (泰安市泰山紙面石膏板有限公司) (a wholly-owned subsidiary of Taishan Gypsum, together with Taishan Gypsum, “Taishan”), entered into a class settlement agreement (the “Settlement Agreement”) with the counsels acting for the plaintiff Settlement Class (the “Settlement”), and the procedure of the Settlement proceeded normally in accordance with the Settlement Agreement.

In May 2020, the district court in the U.S. issued a formal order ruling that the claims against Taishan and Additional Released Parties and that the Released Claims are released and barred from reviving, and that the claims brought by plaintiffs who opted out from the Settlement are not released and are reserved in the litigation. This order is the final procedure of the Settlement process, and the cases of the plaintiffs who did not opt out of the case against Taishan and Additional Released Parties have closed.

In the Settlement, a total of 90 plaintiffs opted out from the Settlement. As of the date of this report, the lawsuits of 21 plaintiffs have been concluded, and the litigation of the remaining 69 plaintiffs will be ongoing.

In addition to the multi-district consolidated litigation cases involved in the above settlements, there has also been litigation brought by builders and suppliers. Among them, The Mitchell Co., Inc against Knauf Gips KG has been settled and the settlement payment has been made, and other cases are still ongoing. The Company will continue to monitor the progress of the gypsum board litigation in the US and will make further disclose if and when necessary or appropriate.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions

In addition to the related party information shown elsewhere in the condensed consolidated financial statements, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period and balances as at the end of the reporting date.

(a) Transactions with related parties:

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Provision of production supplies to		
– The Parent Group	752,357	912,449
– Associates	40,437	7,538
– Joint ventures	5,395	6,863
– Non-controlling interests of subsidiaries	91,067	358
	889,256	927,208
Provision of support services to		
– The Parent Group	2,317	44,136
– Associates	770	3,336
– Joint ventures	–	538
– Non-controlling interests of subsidiaries	898	–
	3,985	48,010
Rental income received from		
– The Parent Group	6,346	3,549
– Associates	2,761	–
– Non-controlling interests of subsidiaries	–	143
	9,107	3,692

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Rendering of engineering services to		
– The Parent Group	1,355	491,943
– Associates	–	23,891
– Non-controlling interests of subsidiaries	–	491
	1,355	516,325
Interest income received from the Parent Group	–	53,237
Provision of production supplies by		
– The Parent Group	2,328,145	1,532,107
– Associates	27,106	31,570
– Joint ventures	7,091	2,745
– Non-controlling interests of subsidiaries	25,976	27,531
	2,388,318	1,593,953
Provision of support services by		
– The Parent Group	89,451	8,349
– Associates	1,915	9,095
– Joint ventures	7,310	4,856
	98,676	22,300

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(a) Transactions with related parties: (Continued)

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Supplying of equipment by the Parent Group	14,444	133,951
Interest expenses paid to the Parent Group	5,824	38,902
Provision of engineering services by		
– The Parent Group	256,436	206,584
– Associates	2,416	162
	258,852	206,746
Supply of raw materials (limestone and clay) by the Parent Group	7,044	73,541
Rental paid to the Parent Group	32,033	654
Provision of other financial services by the Parent Group	143	103

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(b) Amounts due from/(to) related parties:

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Amounts due from related parties		
Trading in nature:		
– Fellow subsidiaries	1,013,446	900,836
– Associates	204,779	232,840
– Joint ventures	1,891	193
– Non-controlling interests of subsidiaries	23,048	58,755
	1,243,164	1,192,624
Non-trading in nature:		
– Fellow subsidiaries	333,626	249,950
– Associates	326,620	292,571
– Joint ventures	–	21,558
– Immediate holding company	2	2
– Non-controlling interests of subsidiaries	246,745	441,970
	906,993	1,006,051
	2,150,157	2,198,675

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(b) Amounts due from/(to) related parties: (Continued)

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Amounts due to related parties		
Trading in nature:		
– Fellow subsidiaries	1,464,435	830,836
– Associates	68,675	185,090
– Joint ventures	9,882	787
– Immediate holding company	2,011	–
– Non-controlling interests of subsidiaries	22,443	58,417
	1,567,446	1,075,130
Non-trading in nature:		
– Fellow subsidiaries	1,894,104	2,419,389
– Associates	73,725	70,661
– Joint ventures	100	103
– Immediate holding company	707,520	713,894
– Non-controlling interests of subsidiaries	85,180	554,883
	2,760,629	3,758,930
	4,328,075	4,834,060

The carrying amounts of amounts due from and to related parties approximate to their fair values. All amounts are unsecured and repayable on demand. The trading nature portion of amounts due from and to related parties is aged within one year.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(b) Amounts due from/(to) related parties: (Continued)

As at 30 June 2022, amounts due from related parties of approximately RMB138.66 million (31 December 2021: approximately RMB98.90 million) carry the fixed interest rate of 3.81% (31 December 2021: 4.35%) per annum. The remaining balances of amounts due from related parties are interest-free.

As at 30 June 2022, amounts due to related parties of approximately RMB1,765.07 million (31 December 2021: approximately RMB544.95 million) carry the fixed interest rate of 2.96% (31 December 2021: 5.20%) per annum. The remaining balances of amounts due to related parties are interest-free.

(c) Transactions and balances with other state-owned enterprises in the PRC

During the six months ended 30 June 2022, the Group's significant transactions with other state-owned enterprises (excluding the Parent Group) are a large portion of its sales of goods and purchases of raw materials. In addition, substantially all bank deposits, cash and cash equivalents and borrowings as of 30 June 2022 and the relevant interest earned or paid during the period are transacted with banks and other financial institutions controlled by the PRC government. In establishing its pricing strategies and approval process for its products and services, the Group does not differentiate whether the counter-party is a state-controlled enterprise. In the opinion of the directors, all such transactions were conducted in the ordinary course of business and on normal commercial terms.

Condensed Consolidated Financial Statements (Continued)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Renminbi)

29 Related party transactions (Continued)

(d) Remuneration to key management

The key management personnel compensations during the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short term benefits	10,283	9,445
Post-employment benefits	135	120
	10,418	9,565

30 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 the approval of these condensed consolidated financial statements, the Proposed Acquisition has not been completed yet.

31 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements set out on pages 74 to 138 have been approved and authorised for issue by the Board of Directors on 26 August 2022.